

*Excise Tax Act*

administration and compliance problems. That appeared in the February, 1987 Budget.

There is a shift of the sales tax to the wholesale level—how mean can one get—for snack foods, pet food, pet litter, candy and confectionery goods and certain electronic equipment. That appeared in the February, 1987 Budget.

**An Hon. Member:** We are just trying to pay off your debts.

**Mrs. Finestone:** Which we acquired for a good cause. You overspent for no cause.

**Some Hon. Members:** Oh, oh!

**Mrs. Finestone:** The tax on most of these products will be shifted back to the manufacturing level when the marketing and distribution cost measure, announced in the February, 1988 Budget, comes into effect on November 1, 1988.

There is a clarification of the refund provisions applicable to certified public institutions. That appeared in the June, 1987 Ways and Means motion.

There is an amendment to the fair price provisions to apply tax on fair market value when other than arm's length sales are made, or where it is difficult to determine the sale price. That appeared in the December, 1987 tax reform.

There is a revision to certain compliance provisions in the Excise Act to reflect reduced on site surveillance by Excise officers in relation to the production of alcohol and tobacco products. That was in the February, 1987 Budget.

There are three relieving measures in this Bill. Incredibly, there will not be as much work for lawyers and accountants in three areas. In these relieving measures of the Bill there is an increase in the existing fuel tax rebate available to primary producers for the excise tax on gasoline by one per cent per litre to compensate for the increase announced in the February, 1988 Budget. The Government is giving on the one hand and taking back with the other, for which we are expected to be thankful.

There is an increase in the tax threshold for periodic and seasonal filers in order to reduce the paper burden for small business.

Finally, there is an exemption for original prints from the application of federal sales tax. This appears in the February, 1988 Budget. This gives me a rare chance to congratulate the Minister of Minister. Finally the Government listened to one of our standing committee's recommendations in the report on taxation and the arts. It was the only area to which the Government cared to pay any attention.

Let me turn specifically to the telecommunications tax. It is one of the most pervasive tax increases in this legislation. It will mean a 10 per cent charge on long distance calls for every telephone subscriber in Canada. This means that elderly

people on fixed incomes, who rely on long distance to communicate with their families, will suffer yet another tax bite by the Conservative tax watchdogs.

The voice of many Canadians is obviously not being heard as the Government continues its search for ways to introduce subtle, hard to see, hidden taxes that affect an incredibly wide number of Canadians.

What is worse is that the new tax cancels out the real savings millions of Canadians would have and should have realized as result of the lower long distance telephone charges in Ontario, Quebec and British Columbia that were ordered by the CRTC just a few weeks ago. The CRTC studied the matter and decided that the arm's length Bell Canada and B.C. Telephone are earning enough money and the consumer should have some saving in long distance calls. In the meantime, the Minister of Finance swoops up all those savings in an attempt to recover that 10 per cent reduction. I do not think that is very fair, or proper fiscal management.

For many rural Canadians there is no real difference between a local and a long distance call. It is true that the Government has chosen to tax calls by Canadians living in rural areas which, because of the arbitrary lines of division through area codes, include long distance calls to their doctors, dentists and their children. Such an unconscionable measure by the Government is unacceptable.

We know all too well at this point in the life of the Conservative Government how regressive so many of its new taxes have been. The tax on long distance calls is no different. It hits low and middle income Canadians with the exact same rate of 10 per cent as the \$200,000 earner or the company president. There is no fairness in this tax.

The lesson that many Canadians have come to learn is that the Government will tax anything. At one time we thought there would be a tax on food, but at least it seems the perishables will not be taxed. However, now we are talking about a tax on talking.

Canada is an enormous and wonderful country. Most of us live along the southern border, but tens of thousands of Canadians live throughout its geographic expanse and, in some instances, live in isolation. We are among the world's most frequent users of telephones and, just as millions of Canadians are making more use of long distance calls because of the lower rates, the Government is using this as a new opportunity to grab more tax revenue so that it can supposedly lower the deficit.

If one looks at the over-all deficit, the Government has increased the deficit by 60 per cent in three and one-half years, from \$7,000 to \$12,000 per capita. Not only does the Government tax talking and walking, I suspect it will even tax the air we breath.

While Canadians were getting used to the idea of "reaching out and touching someone", little did they know that the Government was working on its own variation of that jingle: