

*Excise Tax Act*

There are many communities which I represent that do not have roads or wintertime access to ferry service. They have to move by air. This tax is directed more toward people who must move by air than those people who move for travel purposes.

On that very point, it is interesting that the international tax is increased from \$12.50 to \$15.00. The large national tourism lobby has got to the new Conservative Government. It has told the Government not to increase massively the international tax because tourists will be driven away. In terms of within Canada, there is no special provision for those who must fly for medical, dental, work, business or whatever purpose. They end up having to pay a much greater tax, again a regressive form of tax.

According to the new Minister of Finance the cost for fiscal year 1985-86 will be \$34 million and \$50 million for two years thereafter. Again it is money taken, to an enormous extent, from people who can afford to pay it the least.

The total cost of these measures, excluding the figures which have not yet been provided by the Government in terms of the removal of sales tax on farm fuels, will be \$3.1 billion. The Hon. Member for Kamloops-Shuswap pointed out that there is a variety of other areas within the Canadian economy where this money could be found. Of course, the most visible one is the \$18 billion which is given directly to the corporate sector. As my friend pointed out, the Chairman of the Bank of Montreal indicated that there were many tax loopholes and tax credits for the corporate sector. It is awash in them. It cannot even absorb them all, it has so many.

Let me refer to what happened in recent years to the Canadian tax system under continuing Liberal and Conservative regimes. A typical unmarried nurse will pay about \$5,800 in income tax this year on a salary of \$25,000, a tax rate of 23 per cent. A first-class police constable without dependants will pay about 25 per cent of his \$32,000 income in tax. The tax rate for the average single high school teacher will be roughly 26 per cent of a \$33,000 salary.

Let us take a look at some of the most profitable and largest companies in Canada which pay the lowest rates of tax. In 1982, TransCanada PipeLines Limited, a firm with \$4.7 billion in assets and pre-tax earnings of \$182 million, paid tax at an effective rate of 7 per cent. Husky Oil Ltd., with assets of \$561 million and pre-tax earnings of \$22 million, paid an effective tax rate of 5 per cent. Consolidated Bathurst Inc., with pre-tax earnings of \$79 million, paid no tax in 1982 and in fact claimed a credit of \$3.6 million to be deducted from future taxes.

Let us go back a few years and look at what has happened in terms of the transformation of the tax system in Canada from the burden being carried by the corporate sector to its being carried by middle and lower income Canadians. In 1954 the federal Government of the day collected \$1.17 billion in income tax from individuals, slightly more than the \$1.05 billion it collected from corporations. Now, 30 years later, the gap has widened dramatically to the advantage of corporations. In 1982 Ottawa collected \$26 billion in income tax from individuals and only \$8 billion from corporations. This means

that individuals were shouldering 76 per cent of the tax burden compared with the corporations' 24 per cent.

I should like to give another example of what has happened in the tax system as we have seen it completely reversed in 30 years, from where the corporate sector paid three-quarters and individuals paid a quarter to individuals paying more than three-quarters and the corporate sector paying an ever declining amount. Shell Canada is a good example. If one reads its annual report, one will get the impression that the oil giant pays an onerous income tax. Its 1982 annual report pegged the company's income tax at \$152 million on pre-tax profits of \$302 million. In a note, it calculates that this gave the company an effective income tax rate of 50.4 per cent, a hefty rate by any standard.

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Another note further down on the page turns that 50.4 per cent figure on its head. It indicates that Shell deferred \$199 million in taxes that year. This wipes out the \$152 million tax bill and leaves Shell with no tax to pay at all. In fact, Shell got a tax credit of \$47 million. The bottom line is a far cry from the 50.4 per cent tax rate first mentioned. Deferring taxes is one of the key ways in which the tax system allows corporations to reduce their tax burden.

We must now go back for a moment to the statements made in this House by the Conservatives before they were elected. We must get some clarification of where that political party is going. There is none better to quote than the Hon. Member for St. John's West. On February 16 of this year, page 1444 of *Hansard*, the Hon. Member for St. John's West, then the finance critic for the Conservatives, had this to say about the tax measure that the Conservatives later today will vote into law:

The Minister calls it the special recovery tax. He should rename it the special recession tax... Where does the Minister help domestic demand in this Budget?... He might help consumer demand if he did away with the 1 per cent increase in the federal sales tax that is coming in October. It is a regressive tax that bears more heavily on lower income people.

Where are the Conservatives on this? On September 4, most Canadians who follow tax measures thought in good faith that what the Conservatives said in the House of Commons and said during the election campaign was what they were going to do. We now find that what the Tories said in the election campaign is fantasy. When the next federal election comes, I hope Canadians will remember it. What they say during an election campaign is certainly not what they intend to do.

I see the Minister of State (Forestry) (Mr. Merrithew) here. I would like to hear him explain how it is that this fuel rebate the Tories are touting across the country is so beneficial to loggers and the forest sector. He knows full well that in my area of British Columbia the increase in the cost of diesel fuel brought in by his Government is greater than the rebate.

There has to be some degree of honesty and credibility. They send out, at the taxpayers' expense, from the House of Commons literature to everyone in these sectors saying: "Aren't we great? We Conservatives get elected and we give