

*Excise Tax Act*

As an example, I would like to mention a study that was done in March 1989 by the Public Interest Advocacy Centre on northern consumers and telecommunications policy. The centre noted that a study done for it about eight years ago in connection with Bell Canada rate hearings found that Bell subscribers in the Northwest Territories, northern Quebec and northern Ontario spent on average between \$625 and \$650 a year on toll services, long distance services, as compared with an average of \$206 for subscribers in the Bell territory as a whole. That is a very significant difference which represents not simply figures on paper but a lifestyle and a dependency on long distance in northern and rural areas. A discrepancy of some \$400 per year is an indication of the effect this additional 1 per cent to the telecommunications tax will have in those areas.

In this study, the group related the onerous effects of a tax like this on low income groups and mentioned, for example, that the per capita income for Inuit in the Northwest Territories was only 53 per cent of the average for the general Canadian population. In northern Quebec, it was only 40 per cent of the average for the general Canadian population. These are the people who are most affected by this type of hidden, regressive tax that is a burden to the low-income person and the middle-income person, but largely does not affect the high-income person who can afford to pay an extra \$10 or \$15 on a telephone bill every month.

• (2140)

In the end, as consumers, we pay double. We pay the cost of the additional tax, and then we pay the cost that businesses will add to cover their costs. Therefore, this type of hidden sales tax is never a one-time effect. It has an effect both at the payment level and as a consumer at the level that business will raise their services to compensate for the tax. Clearly, that is the concern of associations such as the Conference Board of Canada when it reviewed the proposed goods and services tax and forecast the increase in inflation as well as the increase in unemployment that that will cause.

The Bill under discussion tonight is simply an example, a poor example albeit, of what is in store for us as we move toward the goods and services tax.

I would like to say a word about higher prices, because this clearly leads to higher prices and higher prices generally mean inflation. At the end of last week the Finance Committee, of which I am a member, made a unanimous recommendation to the Government to consider having the Bank of Canada reduce interest rates to deal with the question of the inflationary effect of high interest rates.

I rarely speak to business people in my area, and the majority of business people in my constituency have small businesses, who do not feel that these high interest rates are just killing them. Small firms with a small margin of profit create the most jobs in Canada and contribute much to our economy and our communities and they are affected the most by high interest rates.

This Bill does not represent any attempt to address issues of economic policy. It simply continues to add to the tax burden. It does not deal with the basic issues of tax inequities. It does not address the issue of a lack of tax fairness. Whether it is adding to the burden in the construction industry, which again affects many of our areas, or Canadian exporters, Canadians will see that this Bill is simply adding to the burden of the average Canadian taxpayer.

There is no way that I or anyone in my Party could support this Bill or the type of philosophy that underpins this Bill. When taxpayers have seen that in 1985 a family whose assets were valued at \$6.2 billion received a \$500 million tax break, and some 6,000 upper-income Canadians paid no tax at all, it is easy to see why Canadians will say about this Bill and this Government's tax policy that it is unfair, unjust, and they will reject not only the Government's policy but the Government.

**Mr. Douglas Young (Gloucester):** Mr. Speaker, in listening to some of the comments this evening, one of the things that struck me throughout the discussion of so-called tax reform, and I am assuming because the process was undertaken some time ago that the Act to amend the Excise Tax Act and the Excise Act are a part of that process of the Government, it is often difficult to tell exactly what the process is because there does not seem to be a great deal of continuity in what the Government is attempting to do. However, this Act reflects very well the philosophy of the Government in that it is obviously very comfortable with hidden taxes.