

*Excise Tax Act*

an unfair tax. The only thing it does not affect is the residential monthly rate. This is a hidden tax which we do not support.

As a result of the changes in the manufacturers' sales tax we now have a very complex system of taxes, creating a very burdensome administrative responsibility for business people. We have special exemptions, notional values, rulings which must be made from time to time, and licensing requirements and documentation which businesses find extremely complex. This is not an appropriate way to raise revenue.

We have in short a series of measures which, although they will increase revenues, will result in a further shift of the burden of taxation to ordinary Canadians on consumer goods and services—who use their disposable income for these expenses and are already carrying an unfair share of the tax burden. As a result of pursuing this approach the Government is leaving behind those Canadians who are unfairly burdened with tax and an increasing number of Canadians who are already living below the poverty line as set by Statistics Canada and the Canadian Council on Social Development. These people are affected just as much by these taxes as is everyone else in the country. It is an unfair burden. These measures are inappropriate and we do not support them.

**Mrs. Sheila Finestone (Mount Royal):** Mr. Speaker, I rise today to speak to Bill C-117, an Act to amend the Excise Tax Act and the Excise Act, with a great deal of regret. I regret that we are here again in the House of Commons talking about tax increases, particularly hidden tax increases. That is a term with which Canadians have become all too familiar since the Conservative Government came to power three and one-half years ago. The Conservatives have imposed the longest continuous string of tax increases to be imposed on Canadians in recent memory. I do not know how many times we have talked about this Conservative tax record, or hidden tax record, which increases the burden on middle-income Canadians, families, and individuals.

There has been much anxiety experienced by seniors who are trying to ensure that they will be able to continue the quality of life for which they had planned. However, with the increases in the cost of living and the Government's plan for investment tax their anxiety is growing.

Those who are involved in the cultural industry and small business people are very concerned about being hit through reductions on office expenses in their homes and the use of their cars which is so important in the earning of their livelihood.

Today I am going to talk about hidden taxes and will then refer to the more overt taxes in the Income Tax Act. This Bill contains the necessary legislative amendments to implement the federal sales and excise tax and excise duty changes announced by the Minister of Finance (Mr. Wilson) in his Budgets of February 18, 1987 and February 10, 1988; his June

18, 1987 White Paper on tax reform; and his December 16, 1987 tax reform paper.

The Bill before us looks very big and ominous. In reading it one must use a dictionary, various other books and Bills to try to figure out who the Government is taxing, why it is taxing, and where it is taxing. It takes a fair amount of study to find out how the Government has hidden the excise tax. Let us attempt to determine what this enabling legislation covers as it gouges revenues and addresses technical issues in the law.

● (1130)

The measures to address some of the inequities in the sales tax and to prevent erosion of the sales tax base as announced in the February, 1988 Budget are contained in separate legislation. Generally, this Bill deals with a 10 per cent tax on telecommunication services such as telephone and telex services, but not including charges for local residential telephone lines. That is a result of the June, 1987, White Paper.

It also proposes an increase in the telecommunications programming service tax on cable and pay television services from 8 per cent to 10 per cent. That was also in the June, 1987 White Paper. Later I will discuss the amounts that these taxes will raise as the Government spreads out its huge tax net.

The Bill also deals with an increase in the sales tax rate on paint and wallpaper products from 8 per cent to 12 per cent. There is an acceleration in the federal excise tax remittance, which was also referred to in the June, 1987 White Paper.

There is an increase in the federal sales tax rate on beer, spirits, wine and tobacco products from 15 per cent to 18 per cent. That proposal appeared in the December, 1987, tax reform.

There is an increase in the specific excise tax and excise duty rates for tobacco products by 4 per cent.

There is an increase in the air transportation tax levy by \$4 a ticket to recover a greater proportion of air transport program costs. That is a very interesting increase at a time when we are using more aircraft and travelling more often.

There is an increase in the excise tax on gasoline and aviation gasoline of one cent per litre, a most disgusting tax. The Bill also introduces several technical—

**Mr. McDermid:** You should have been here for the National Energy Program.

**Mrs. Finestone:** That was a different time in history. You do not care to remember history. I suggest that you read the world history and you will see where you fit into the world history picture.

The Bill also introduces several technical amendments to the Excise Tax Act and the Excise Act. These include a shift in the taxes on motive fuels to the manufacturing level to address