

*The Budget—Ms. McDonald*

It is neglecting major areas of support for families, such as child care.

The major components of the Government's Budget show increases rather than restraint. Program spending for 1984-85 was \$86.8 billion. In 1985-86 it was \$85.8 billion, and in 1986-87 it was up to \$89.4 billion. The next projection in program spending is \$94.5 billion.

The interest on the public debt, the accumulated deficit, is also rising. In 1984-85 the Estimates indicated it at \$20.3 billion, although the actual expenditure was a little higher. In 1985-86 it was \$25.5 billion. For this fiscal year of 1986-87 it is \$27 billion, and for next year it is \$28.2 billion. When we consider the interest on the public debt and program spending we see that restraint does not exist. Instead, the Government has other spending priorities such as a penitentiary in the Prime Minister's (Mr. Mulroney) riding, and is even spending millions more so that it can be completed before the next election.

The Government is spending more money for contracting out. The Government is cutting back on the Public Service through firing and attrition. There is a projection of a loss of 15,000 jobs in the Public Service in the next three years, some of which have already been lost. However, cut-backs in the Public Service do not mean there will be savings in public expenditures because those services are being provided by contracting out. Instead of paying an employee a reasonable wage and providing reasonable job security and working conditions, services are contracted out to small companies which may or may not be making donations to the Party in power and certainly will be making a profit.

In order to do that, it will either have to boost the price of the contract substantially or reduce the wages of the employees. We know in the case of contracting out for cleaning services that the cleaners have seen their wages, which were already low, drastically reduced. In some cases there is a reduction in wages and increased cost to the Government. I submit that this does not represent restraint. The Government is not saving the taxpayers any money, but is only making public expenditures in a different fashion. Yet it does mean a loss in job security and a loss of good job opportunities. Women especially are concerned about being hired last and fired first in the Public Service. They see many of their jobs as the ones which will not survive the cuts in the Government's planned reduction in the Public Service.

Since the Government is not reducing its over-all spending, it is trying to lower the annual deficit by increasing revenues. It is doing this largely by increasing hidden taxes such as the sales tax, gasoline tax, tax on snack food, tobacco, airline tickets, and increasing a number of other taxes. Since the Conservatives formed the Government, the average family, being the family with a \$35,000 income and two dependent children, have had a tax increase of \$1,384.

There are other ways to increase revenue. The Government could have eliminated the \$500,000 lifetime capital gains tax

exemption for wealthy persons. That is a major loophole that was introduced into a tax system which already had far too many loopholes. The Conservative Government could eliminate that loophole and increase revenues. It could eliminate the increased Registered Retirement Savings Plan limits which are primarily utilized by wealthy people. They will be favoured with yet another tax loophole. The Government could eliminate tax loopholes by which 79,000 profitable Canadian corporations pay no income tax. This would be a very effective way to raise revenues.

It is interesting to note that the Estimates predict a 25 per cent increase in corporate profits for the next fiscal year, yet the Government does not plan to collect 25 per cent more in profits from corporations but a mere \$365 million while planning to collect \$7.5 billion more from individuals. It is shameful that heavy taxes on individuals and families continue to accelerate while corporations, even those that are profitable and expecting higher profits, will get away with very low taxes. Individual taxes are going up from \$37.8 billion to \$43.3 billion. Corporate income taxes are going up from \$9.4 billion to \$9.8 billion. That is a very pathetic increase in comparison. Corporations used to pay half the income tax revenue in the country. They are now only paying a very small proportion. The slide started under the Liberals and it went on for a long time, but it has accelerated under the Conservatives. In 1984-85, the last year of a Liberal Government, personal income tax raised 41 per cent of total revenues. Now it is at 43 per cent. Corporations paid 13 per cent of total revenues and now pay 9 per cent. With respect to personal income tax, this represents a 48 per cent increase over the last Liberal year. With respect to corporations, it is only a 4 per cent increase. These are massive changes. This acceleration in unfairness has continued.

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Unemployment insurance contributions have gone up 34 per cent. Sales taxes have increased even more dramatically at 62 per cent. The taxes which are not so visible continue to go up and the unfairness increases.

I would like to spend a few minutes talking about the area for which I am particularly responsible and that is the area of culture. In the Government's Estimates for the cultural agencies, we see there are winners and losers. Over-all spending is down. It has not kept up with the cost of living, which was a promise of the Conservative Government. Unfortunately, the Minister of Communications (Miss MacDonald) issued a seriously misleading statement on the Estimates after they were tabled. I would like to quote from the news release:

In a statement issued in Ottawa today, Communications Minister Flora MacDonald said she was pleased that the monies available to the CBC for the fiscal year 1987-88 would increase by \$50 million and resources of the Communications portfolio would increase by \$82 million.

The Minister also noted that although the resources available for the operation of her department will decrease by \$2 million, the following cultural agencies will see their overall resources increased by \$34 million: