

*The Budget—Mr. Layton*

seems they are out of business for good. This is only one of the tinkering provisions which was so poorly thought out that it had to be quietly withdrawn. However, in its place the Government is proposing an alternative that looks cumbersome and may be equally unworkable.

I also want to point out that there is another measure introduced in this Budget which at first blush does not appear to have many revenue implications, but which, in fact, does. This Government has become very ingenious at introducing hidden sources of revenue. I refer here to the wholesale licence provisions under the Excise Tax Act. The Government is proposing changes in the method of licensing. Effective November 1, 1988 it is proposed that licence applicants will have to sell at least 50 per cent of their taxable goods under exempt conditions in any six month period ending in the 12 months preceding application. In addition, licencees will be required to file an annual report by February 15 in each year to account for exempt or taxable goods in the preceding calendar year. To retain a licence at least 45 per cent of their taxable goods must be sold under exempt conditions in any six month period ending in the reported year. If the licence is cancelled, because of not meeting these conditions, tax free inventory must be tax paid in six equal instalments over the coming year.

• (1710)

Security for these licences is being increased to a maximum of \$100,000. The cancellation of such licences is expected to bring in a one-time \$200-million revenue in the 1988-89 and 1989-90 fiscal years. This is another piece of smoke and mirrors, a one-time-only revenue that will be a considerable inconvenience to the people involved who have had less than adequate notice and less than adequate consultation about this change. It is creative bookkeeping for the Government, making its books look better. There is no indication that the Ministers care at all about the inconvenience to the people involved or about the essential lack of honesty in this kind of presentation.

Earlier I mentioned the excise tax. Indeed, it has been a great revenue producer for the Government since it came into power. We have seen a penny a litre now, two cents a litre then. In fact, since this Government came to power, it has increased gasoline prices by well over 18 cents a litre.

Effective April 1, 1988, the excise tax on gasoline and aviation gasoline will increase by one cent a litre. The fuel tax rebate for farmers, fishermen and other primary producers will also be increased by one cent per litre. Since Hon. Members opposite have become so indignant about the figures we use without attributing them, let me attribute this to an outside source. The newsletter of Peat Marwick says, about this final one-cent increase in gasoline:

This cosmetic change will result in additional revenues of approximately a third of a billion dollars!

In conclusion, I did not want to repeat in this speech on the Budget the general criticisms I made when I spoke on the

borrowing authority on February 12. However, I do want to stress again that this so-called Budget had about 5 per cent content and 95 per cent electioneering guff, it had self-congratulation and hidden tax grabs and it is indeed a sorry document.

**The Acting Speaker (Mr. Paproski):** Questions or comments. Since there are no questions or comments, debate.

**Hon. Bob Layton (Lachine):** Mr. Speaker, I am glad to join my colleagues this afternoon in sharing some feelings in the budget debate. As well, I wish to react to the environment within which we find ourselves, both locally in Lachine and in the country.

The Minister of Finance (Mr. Wilson) declared in his budget message that our policies are right, our policies are working, we are committed to fiscal responsibility, we are committed to priority needs and we have a vision of the future. The Prime Minister's choice of Finance Minister must be compared with that of his predecessors.

Canada has benefited from the very settled, responsible, steadfast approach of our Minister of Finance over these past three and a half years. Four or maybe five times he has presented the House of Commons with an outline of what is important for Canada. In those first months of our responsibility as Government, Hon. Members will recall how serious was the concern for the exploding deficit that Canada was facing, billions of dollars being added year after year to our future debt to be passed on to our children and their children.

The Minister of Finance established a financial framework. We as Ministers were challenged to find the ways to reduce the demands of Government on the taxpayer, to reduce the deficit through expenditure reduction Department by Department. This was the exercise.

A special undertaking was established by the Prime Minister (Mr. Mulroney) himself when he appointed the then Deputy Prime Minister to lead a review of over 1,000 spending programs to which the Government was committed, to see which of them were essential, which were contributing to the national well-being as was their original intent. Many were either eliminated or reduced to bring spending into line.

The revenue increase was forecast along with increased tax in some areas. There is no question that because of the need to reduce the deficit, everyone knew we had been spending beyond our means for years and would have to pay the penalty. Having established that some of the reduction would come from increased revenues, the Minister of Finance and the Government committed themselves to expenditure reductions. I thought that 70 per cent of the total reduction of our deficit would be achieved through expenditure reduction. Instead, the figure was 80 per cent. Eighty per cent of the total reduction of our deficit today is due to the reduction of spending by the Government and 20 per cent has been the cost to the taxpayer in increased taxes.