

and to some investors, allowing them to pay less tax. Consequently, higher-income earning Canadians and profitable large corporations now pay taxes which are more commensurate with their earnings. I thank this chamber for finally passing that bill which allowed the application of a corporations tax to those large corporations, capitalized over \$10 million.

**Senator Haidasz:** They still defer too much.

**Senator Barootes:** I think you are in the wrong party, my friend.

The government converted personal exemptions and many deductions to tax credits in order to improve fairness, and they reduced or eliminated many of the special tax breaks which former administrations had made available. The government also eliminated or reduced many of the corporate tax breaks and broadened the tax base so that many of the profitable associations, organizations and corporations now pay tax.

I am sorry to see Senator Perrault leave because my next point touches on one of his major complaints. A week ago we heard that the major banks in Canada will now be paying \$100 million in tax in the coming year under the new act. In the 1989 budget, the government announced that these large corporations would be paying this tax, if capitalized, over \$10 million. Effective January 1, large corporations' tax on capital will be raised from .075 per cent to .2 per cent, a 15 per cent increase in their tax rate. This tax will help ensure that big business pays its fair proportion of taxes.

In 1986, you will recall, the government introduced the sales tax credit where nothing of that nature previously existed. This credit was enhanced in 1988, in 1989 and again in 1990. These increases almost tripled the amount of credit, far exceeding the rate of inflation.

To illustrate how this will affect low- and modest-income groups, I will quote some tables. As I said once before in speaking to the GST, my interest was not in those earning \$50,000, \$60,000 and \$100,000, but in those earning around \$15,000 to \$20,000. Let us look at how a single wage earner under 65 will benefit from this GST which he will be able to apply to his electrical bills, to his water bills, to his food and to everything else.

**Senator Grafstein:** Would Senator Barootes tell us what he is referring to?

**Senator Barootes:** I am referring to tables on the goods and services tax issued by the Government of Canada.

**Senator Grafstein:** What date is on that?

**Senator Barootes:** December 19, 1989.

Let us look at a person earning \$15,000. As a result of the GST instead of the FST—that is, the goods and services tax instead of the manufacturers' sales tax—that person earning \$15,000 will be \$150 better off. If he is in the \$20,000 bracket, he will be \$250 better off.

Let us now look at the single individual over 65 years of age. I will use the same two levels. At \$15,000 he will be \$150 better off and at \$20,000 he will be \$250 better off. In other words, these are the people who I think will need help.

[Senator Barootes.]

Last but not least is the group we always harp on about and for whom our hearts flutter, the single parents with a couple of children. A single parent who has a couple of children and is earning \$25,000 would be \$550 better off. If the income were \$20,000, he or she would be \$325 better off.

These tables help to illustrate that this government not only has a heart, not only has compassion, but also has the financial tables to prove that it is doing something for this group of modest- and low-income people.

**Senator Grafstein:** Would the senator entertain a question at this point? I think he has given us a different insight into the figures we have on this side. When he says that a family earning \$25,000 will be \$550 better off with the removal of the FST, has he added in the additional cost of the GST, or is that a net figure?

**Senator Barootes:** That is the net figure, taking the FST and subtracting the GST from it. They will be that much better off. I will give the honourable senator the tables and he can study them. I know he is a very acute economist on these matters. Perhaps Senator Austin would also like to have them.

The proposed goods and services tax is designed to further improve the fairness of taxation in Canada. Under the GST the distribution of the tax burden will be more progressive than what I have heard from the other side.

Wealthy Canadians will pay their fair share and they will not be able to avoid the GST. They tend to consume more and therefore they will pay more on average. In other words, those people in the \$20,000 to \$25,000 bracket expend 3.5 per cent of their income on electricity and those in the \$60,000 bracket expend only 1.8 per cent of their income on electricity. Here we are talking pure percentages, proportionally speaking. On the other hand, I would point out to you that persons earning \$60,000, although the percentage of the income they are spending on electricity or heating fuels is lower, the number of dollars that they are paying for their heating fuels is considerably higher, because usually they have larger homes to heat, just as they have larger cars to drive, which use more gasoline, just as they spend more money on food, and so on. Although I have great empathy and sympathy for them, you could apply that to almost any expenditure of the low- to modest-income groups because they do spend nearly all of their income.

With the GST tax credit, families with incomes of up to \$30,000 a year will have more after-tax income than they do today. There is no refuting that. This includes three quarters of the families in seniors or singles groups. As I said, 8.7 million families will be receiving an income tax credit and will be better off.

Before this government introduced a refundable sales tax credit in 1986, low-income Canadians paid much more federal sales tax as a percentage of their income than those in the higher-income brackets. With the introduction of the GST, the refundable sales tax credit will be enhanced once again. The monetary value of the credit will be increased and the income eligibility threshold of those who receive the credit will be raised. It has been raised already to around \$30,000, and I