

*Excise Tax Act*

taxed to talk. The practical reality of this 10 per cent on long distance telephone calls is that they are being taxed to talk to their friends, neighbours and children.

As a society, I think we can be rather proud of the fact that we have a fairly sophisticated telephone network where we can talk without having our words measured on local measured rates. We can talk without necessarily having to pay exorbitant prices. Of course, we know that this is not the kind of issue which is going to defeat the Government tomorrow. I do not think we are going to see the Government fall on a 10 per cent tax on long distance telephone calls. But every time my cousin, who lives in the Northwest Territories, makes a telephone call, she is going to remember why she is paying 10 per cent more. It is the kind of tax measure that will remain in the minds of the voters long after we in this House have actually passed this Bill and sent it on to the other place.

There are these other rather niggling taxes. The tax on paint and wallpaper has been increased from 8 per cent to 12 per cent. If someone wants to improve their standard of living, someone living in a small apartment in the City of Toronto, paying \$500 or \$600 a month, if someone wants to put a bit of life in the apartment with new paint and wallpaper, they are going to have to pay more for it because of higher taxes.

And there is the kicker. This kicker is an absolute tax grab on the part of the Government. It is insidious in that it is not even laid out in the form of a straight measure. What it is is confiscatory bookkeeping in the sense that we are calling on all small businesses across the country to speed up the payment of sales and excise taxes. This particular measure got sort of slipped in under the table. It is going to generate for the Government \$1.6 billion in new revenues in 1988-89. Will the Government then cut back on its expenditures? Will it then deal with the deficit problem? No, it is simply transferring that same problem to the small business community in the same way it transferred the problem of the transfer payments for education and health services.

It is fine to say that the Government is reducing the deficit but when the deficit is being borne by a small business which may be scratching by its fingernails merely to survive on a month-to-month basis, then the Government is not being fiscally responsible. It is engaged in legal confiscation of moneys that should have been collected when they were due in the way they had been collected in the past.

That single measure looks on paper as if the Government was really getting its act together, that it is really starting to deal with the deficit problem. But think of where that \$1.6 billion is coming from. It is coming from the small business people in my community and, like the Hon. Member for Yukon, I have received a number of personal letters and issue orientation letters from the Canadian Federation for Independent Business, and from small businesses. They say: "Hey, we are being hit hard enough as it is. With this new

measure there will actually be instances where we are supposed to pay the Government in advance for money we have not collected".

The receivables of a small business are not always received. It may have the money on paper but if the receivables have not been collected, then the payables will not be able to go out in a way the Government would like. That of all the tax measures we are required to look at today is probably the single most insidious and confiscatory tax measure being imposed by the Conservative Government.

● (1600)

This Government actually rose to power claiming that it wanted to free the business community from the shackles of government control. Freeing the business community from the shackles of government control actually means that the business community will have to send double the number of payments that it did under the previous program and it will have to send them earlier. This will cost the business community forgone revenues of \$1.6 billion. It is incredible that this is buried here among tax measures dealing with wallpaper and other items.

We also saw, effective February, an increase in the tax on motor fuels by one cent per litre. We remember the old 18-cent-per-gallon debacle that actually saw the fall of the former Government. Looking at the record of this Government since it came into power makes 18 cents per gallon look pretty darn good. We would like to go back to the old Crosbie days of 18 cents per gallon, and I am sure there are some on the other side who might like to join us. To say that after the four-year record of this Government in the area of motor fuel taxes, an 18-cents-per-gallon increase looks desirable is to really say something.

We have before us a series of tax measures which have already been implemented, and we are being asked to vote on them here in the House today. We must also keep in mind that we cannot consider these tax measures in isolation. Because there has been a White Paper, a Green Paper and a number of other papers on the issue of tax reform, we understand that after we pass these measures, the Government will be waiting with a second kick at the can in the way of tax reform. For example, it plans to levy a generalized over-all consumption tax. We will see more and more erosion of the purchasing power of poor and middle-income Canadians. There will be more and more cuts into the standard of living of those who are already the poorest of the poor.

What has the Government's response been? When the Government introduced original changes to the sales tax legislation, it said, and of course we took it at its word, that it would offer a sales tax rebate to poor Canadians in order to ensure that they were not losing because of what was essentially a regressive tax, and sales taxes are clearly regressive because they hit out at the poorest of the poor. In fact, that particular credit amounts to only \$70 per adult and \$35 per