

*Excise Tax Act*

Let me pause for a moment and ask if there is one Member of Parliament who has not heard from our seniors about the adverse effect of the provision in sales tax which will now be applied to drug items, such as aspirin, liniments, cough syrups and a host of items which seniors use so frequently.

Excise taxes have been increased. Effective September 3, 1985, there is an increase of 2 cents a litre on gasoline and aviation gasoline; 2 cents a litre on diesel fuel and aviation fuel. Effective January 1, 1987, there is an increase of 1 cent a litre on gasoline and aviation gasoline and 1 cent a litre on diesel fuel and aviation fuel. The cost of this motive fuels tax increase to the end of fiscal year 1986-1987 is \$1.325 billion.

The various per unit taxes on different categories of alcohol are increased by 2 per cent. The price of a package of cigarettes has increased by 25 cents a package of 25. The cost to the consumer by the end of the fiscal year 1986-1987 is \$440 million. The cost to the Canadian consumer of these excise tax increases is \$1.765 billion. When combined together, the cost of these tax increases to the end of fiscal year 1986-87 comes to \$3.54 billion.

● (1120)

Let me summarize all the figures. The 1 per cent sales tax increase for 1986-87 will cost consumers \$990 million. The broadening of the federal sales tax will cost consumers \$785 million by the end of fiscal year 1986-87. Fuel tax increases will cost consumers \$1.325 million, and the alcohol and tobacco excise tax increases, \$440 million. The total, to the end of fiscal year 1986-87, will be \$3.54 billion.

In the annual review published by the Economic Council of Canada in 1984, it was pointed out that corporate tax expenditures, forgone tax revenue, was between \$30 billion and \$50 billion per year. That is precisely what we object to so strenuously. At the same time as the Conservative Government of Canada is sticking it to ordinary Canadians, it is permitting and encouraging further giveaways to corporations, in particular to large corporations.

Let us look at some of the dubious corporate tax expenditures. Accelerated capital cost allowance allows a business to write off, against income, depreciation of assets at a faster rate than is actually the case. The cost in 1981 was \$2 billion. This gives incentive to corporations to use capital instead of labour. It is an invitation to corporations to use more modern machinery and to lay off workers. Then we have the infamous one which was brought forward by the Minister of Finance in the Liberal Government, Mr. Lalonde, and continued by the Conservative Government, even though we have all seen how misused it was.

**Mr. Gauthier:** Mr. Speaker, I rise on a point of order. We are at report stage, and I think speeches are limited to 10 minutes. I would like them to be pertinent to the amendment before us, if possible.

**The Acting Speaker (Mr. Paproski):** I was just about to rise to say to the Hon. Member for Winnipeg North (Mr. Orlikow) that his time had expired. I am sure he was getting to the point of relevancy, but I regret that his time has expired.

**Mr. Orlikow:** I wonder whether I could just complete the example I was trying to give. The infamous proposal made by the former Minister of Finance, Mr. Lalonde, was supposed to cost taxpayers \$100 million or \$200 million and was supposed to encourage scientific research. That proposal has been misused by corporations and by very bright tax lawyers and tax accountants. Through the quick flip which corporations have used, they have been able to sell research tax credits even though no research was ever done. It was estimated in 1984 that it would cost taxpayers \$2 billion and, by the time it is closed off, \$3.5 billion.

I have indicated some of the reasons we are opposed to this provision of the Bill and why we are proposing that the amendment be postponed.

**Mr. Speaker:** Before proceeding to debate Motion No. 1 further, I gather the Hon. Member for Davenport (Mr. Caccia) is ready to make arguments on his motions.

**Mr. Caccia:** Mr. Speaker, a few minutes ago you drew my attention to Motion Nos. 4, 5, 6 and 15 standing in my name and to Citations 523 and 524 in Beauchesne's Fifth Edition. As directed by Your Honour, I have read those citations and have to conclude that the scope of the amendments which I am proposing at report stage does not fall within the framework of those citations. I must admit that I was hoping to find an appropriate vehicle for those amendments, because I feel very strongly about them for environmental reasons. From a policy point of view, I think they are worthy of consideration.

At this stage, and to make my intervention as short as possible, I thank Your Honour for directing my attention to the two citations. Of course I accept your directions. I will participate at third reading debate by putting forward the thoughts which are contained in those amendments.

**Mr. Speaker:** I thank the Hon. Member for his comments. Therefore, Motion Nos. 4, 5, 6 and 15 will not be presented to the House.

Is the House ready for the question on Motion No. 1?

**Some Hon. Members:** Question.

**Mr. Speaker:** The question is on Motion No. 1 which has been moved by Mr. Orlikow for Mr. de Jong. Is it the pleasure of the House to adopt the motion?

**Some Hon. Members:** Agreed.

**Some Hon. Members:** No.

**Mr. Speaker:** All those in favour will please say yea.

**Some Hon. Members:** Yea.

**Mr. Speaker:** All those opposed will please say nay.

**Some Hon. Members:** Nay.