

Routine Proceedings

Clearly, if the system is to be simplified and if the tax is going to be called a business transfer tax, then everything will have to be taxed. That is the hypothesis behind this model. Can the parliamentary secretary tell me if the recommendation pertaining to small businesses would still allow them both to preserve their current accounting methods and to report as proposed in the Liberal committee report or will they once again have to adopt a different accounting method, one which would take into consideration taxable and tax-free purchases as well as taxable and tax-free sales? That is the first question I would like him to answer. If there continues to be exceptions, then the system will not work. Therefore, to say that the report draws no conclusions and makes no recommendations on whether to broaden the tax base to food is to lack courage. The hypotheses underlying the proposed simplification of the business transfer tax would clearly indicate quite another matter.

The second part of my question has to do with the parliamentary secretary's comment that low and middle-income earners would be compensated, regardless of the new system implemented. How does he explain the fact that families with two young children will receive the same credit, regardless of whether their children are 12 and 14 years old, or 14 and 7 years old years, or whether in one case, a child is sick and needs medication? How can he guarantee that both families will have the same consumption patterns? How can he be certain of the amount these two families pay in taxes? How can he say this credit system is effective? These are questions which I would like the parliamentary secretary to answer.

[English]

Mr. Walker: Mr. Speaker, I was happy to hear the question from the hon. member. A series of hypothetical questions is just that. The report was very careful not to get into hypothetical situations. Dealing with the tax field, my own experience is that as soon as people begin to speculate on hypothetical situations they get themselves into greater and greater difficulty.

The majority on the committee has stated its position and I have reiterated the government's position that no taxes will be introduced that increase the burden on low income families. I state categorically that the intention of the government is and will continue to be to re-establish fairness in the tax system for low income families and individuals. No steps will be taken that in any way, shape or form breaches the commitment we are making.

•(1555)

On the question of making sure that small businesses find it easier to report the tax, the committee's report has been very thorough in its examinations of options. It will make sure that small businesses feel more comfortable with the tax. The small

business community has expressed through its leadership a real determination to work with us and to simplify it. In fact it is happy with the recommendations. We look forward to the actual design assistance to make it easier for small businesses.

Mr. John Solomon (Regina—Lumsden): Mr. Speaker, everybody in Canada knows that the GST was purely the transfer of a tax burden from corporations to ordinary Canadians. As New Democrats we oppose that sort of transfer of burden from one sector to another.

I would like to ask the member a question pertaining to whether or not the committee reviewed any other alternatives besides just a new name for the GST. For example, there are a number of family trusts outstanding. The total value is about \$70 billion that goes untaxed. This is a tax free situation provided to very wealthy families. It was a tax free situation afforded to those people by the former Liberal government for 20 years, extended for 20 more years by the Conservative government, and this government has not done anything with it.

I am wondering whether the committee has reviewed that matter and in particular is looking at some of the transfer of profits from corporations operating in Canada to other countries. The example I use is Imperial Oil. Last year it declared a dividend of \$580 million. Of course 70 per cent of its shareholders is the Exxon corporation of the U.S.A and \$405 million left Canada through this nice little tricky tax free situation to go into the United States.

We lost a portion of what we believe should rightfully stay here either to work in our economy or contribute to our taxation system. I would like to know whether the government is looking at the situation or whether it considered looking at the approximate 63,000 profitable corporations in Canada with substantial profits that were not taxed a dime on their profits.

I am wondering if the committee considered some of these very important tax sources as opposed to once again going to low income people, middle income people and others who have very difficult financial circumstances to deal with right now with their families and getting along in Canada.

Mr. Walker: Mr. Speaker, I congratulate the hon. member on summarizing so many misconceptions into a very short question.

To start with, as he knows there were 40 meetings. Just to reiterate, in the structure of the House of Commons committees any member of the House of Commons may join in the proceedings. Many of these issues were raised. When the member gets a chance to read through the hearings over the summer holidays I am sure he will know that members of the other three parties asked some excellent questions of people who wished us to change the tax structure more broadly.