

*Adjournment Debate*

fy things. I have just referred to this technical paper to show you that it will only complicate them.

When I hear the government suggest that small businessmen agree with the minister—an honourable member opposite may say: If you are against, it is because you sit in the Opposition. He should talk to the people. Personally, I have in mind the pre-budget brief which John Bullock submitted to the Minister of Finance. Mr. Speaker, you will admit with me that this gentleman strongly defended in the past certain economic policies put forward by the Minister of Finance.

This is not someone who always speaks out against the Minister of Finance. I might say he is nearer your right than your left.

Yet, in his brief, he submits that it will be necessary to keep a purchase record for each bill to be able to distinguish between the provincial sales tax and the federal sales tax. Do you realize that small businessmen will be compelled to have sales records simply to identify their goods. They will have to keep purchase journals, cash payment journals, revenue journals, a whole accounting systems they could certainly had done without, Mr. Speaker.

• (1825)

Now, things are getting increasingly complicated. The same organization referred to the GST in this brief to the Finance Minister. In the part which are quoted today, he foresees that the small foodstores will have to close because it will get too complicated.

But the central issue in this report has to be the survey conducted among small businesses after the rate was reduced from 9 to 7 per cent. That is what carries weight, Mr. Speaker. Down from 9 to 7 per cent, yet it did not solve the problems of small businesses. Indeed one such survey indicates that 68 per cent are against the GST. I am referring to an Angus Reid survey carried out on behalf of the Canadian Federation of Independent Business. And even when they point out that the tax rate has been lowered from 9 to 7 per cent, Mr. Speaker, 83 per cent still cry foul. Just changing the rate does not mean anything, because we know this government very well. Even the federal sales tax which was supposed to be killing jobs went up 4.5 per cent over the past five years. Small businesses obviously did not swallow that.

Mr. Speaker, you are signaling that my time is up. In conclusion I want to tell the House and all Canadians that 83 per cent of small business operators are against the GST, and my hope is that when the Minister of Finance wakes up tomorrow morning he will decide to repeal this tax.

[English]

**Mr. Bill Kempling (Parliamentary Secretary to Minister of Employment and Immigration):** Mr. Speaker, the GST is not an administrative nightmare as the member alleges and the government has not abandoned the small business community. For most businesses the GST is a straightforward system similar to that used by small businesses in almost 50 countries in the world, including England, Japan, West Germany, France and New Zealand.

**Mr. Gagliano:** They don't have nine provincial sales taxes.

**Mr. Kempling:** In fact, of the world's 24 most industrialized economies, the OECD nations, 19 already have a sales tax system of this kind.

The GST will replace the existing federal sales tax which has been in effect since 1924, which is now outdated and harmful to the Canadian economy. The purpose of this change is to stimulate economic growth and foster an environment which will benefit every sector and every region of the country.

**Mr. Gagliano:** Why don't you check how many have a provincial sales tax?

**Mr. Kempling:** You might learn something if you listen.

The existing tax is not a tax on manufacturers, but is a tax on manufactured products. As a result, it impacts on every business in the country, large or small, because businesses buy manufactured products to produce the goods and services they sell. Under the GST the cost of doing business will be less because, while most businesses will charge tax on the domestic sales, they will claim a credit on the tax paid on all their business inputs, the goods and services used in the course of doing business. On the whole, documents used to support input credit claims will be virtually the same receipts and invoices currently retained by businesses for income tax purposes.

As a result, there will be a minimal number of changes in existing business practices for most businesses and the