

*Routine Proceedings*

● (1545)

One area of confusion and controversy since the introduction of the GST has been the area of food. There is a price that is paid for it if it is excluded. By excluding fundamentals such as food and pharmaceutical products the previous government was forced to set a rate of 7 per cent which became a highly visible and aggravating tax. If we broaden it and include these items as taxable we take away a lot of the confusion over exemptions. We could possibly lower the rate and at the same time include a broader base.

I do not have to tell anyone in the House that it is a very controversial discussion. However I should like to say for the record that the committee does not lead the discussion of broadening the base with a conclusion or a recommendation. It simply says to Canadians that there is a possible solution to the high rate and that is to broaden the base. If through members of Parliament and the discussions this summer and if through the provincial governments and their representatives Canadians continue to express their opinion that food should be exempt, the committee by no means would lay down any contrary recommendation.

At page 48 it says: "The committee's aim is to flag the difficult questions that must be answered, articulate the various views we heard during hearings, and pass on to the government and to citizens the committee's assessment of how best to proceed".

At page 50 it concludes the section by saying: "Whatever course the governments involved eventually takes, comprehensive based or exemptions for necessities, we recommend that the aggregate tax burden borne by low income Canadians under the national VAT not be larger than the one they bear today under the culmination of provincial sales taxes and the GST".

At the heart of Liberal principles is the principle of fairness. No taxes will be changed that increase the burden for working families, low income families, individuals and seniors. It is fundamental to the way we approach taxes as compared to the Reform Party and as compared to the previous government. We are not about to make any changes in the system—and the committee was very clear on it—that in any way affect the well-being of working Canadians. That view is shared not only by the committee but by every member of my caucus.

Perhaps in the quickness with which the member for Calgary Centre reviewed the position it was inadvertently downplayed to the extent to which the Reform Party agrees with our approach. At page 117 it says: "We agree with the report that the current structure leaves much to be desired and that changes at this time are necessary. The majority report does deal with some of the concerns raised in the lengthy hearings that the committee undertook". People were listening. It is very important to state that. It goes on to say: "Many concerns remained unresolved

until negotiations between federal and provincial governments are concluded".

Therefore the motion in front of the House is ahead of itself. How can the House concur in the report before we begin the essential negotiations with provincial governments? We should wait and we should be able to proceed when we hear what the provinces have to say. As the hon. minister responsible for housing who is listening attentively to the debate knows, the way to get good housing policy is to deal directly with the provinces. The way to get good tax policy is also to deal directly with the provinces and not to get ahead of ourselves. We thank the Reform Party for recognizing that federal-provincial negotiations are at the core of resolving the tax dilemma.

The committee's conclusion at page 122 says: "The Reform Party commends the government in attempting to meet the concerns raised during the hearings in the areas of business compliance costs, harmonization and the charity section". There we go again. In the major issue of harmonization again the opposition realizes that the majority very much had its eye on the ball and very much was concerned about reforming the tax.

● (1550)

In the course of tax policy and what we have seen since we formed the government, there have been great strides made in getting Canadians to talk openly about issues central to their own well-being. The GST represents not only a consumption tax in itself. It represents for many Canadians all that has been wrong with the Canadian tax system in the way it was imposed.

The government will take its time and will do the right thing. It will follow up on its red book commitments and will produce for Canadians a tax that is fundamentally different from the current tax: one that works and one that is responsive to the fiscal framework and the fiscal well-being of the national government. This means in turn the livelihood and the defence of the livelihood of hundreds of thousands of Canadians and their health, social well-being and education.

The government will not put at risk the physical health of the national government by being in a hurry. We will produce a tax which is more successful, more fruitful and more reliable than the one currently imposed, the GST. We look forward to discussions with the provinces.

[Translation]

**Mr. Pierre Brien (Témiscamingue):** Mr. Speaker, I have a two-part question for the parliamentary secretary.

I heard him say that the committee's Liberal majority report draws no conclusions and makes no recommendations on whether the tax base should be broadened to include food, pharmaceutical products and the like. However, the same report says that a simplified system will be adopted for small businesses so that they will only have to report once a year, simply by subtracting purchases from total sales.