

### Oral Questions

so that the government will respond to this report in a few weeks' time.

[English]

I want to say that we have listened very carefully to the industry through the CITT. I would expect that representatives of both the clothing and textile industries, which in fact take two quite different points of view on this particular proposal, will be making their views known to us during the course of the next few weeks.

\* \* \*

### GOODS AND SERVICES TAX

**Mr. Rey Pagtakhan (Winnipeg North):** Mr. Speaker, my question is for the Minister of Finance.

Yesterday's edition of the *Winnipeg Free Press* carried the headline: "Hospitals Fear Wilson's GST: A Nightmare to Administer".

The Manitoba Health Organization estimates that four Manitoba hospitals will spend close to half a million more in sales tax under the GST and more due to increased administrative costs than they would under the present tax system.

Would the minister now agree that it would be best to cancel the proposed GST or, if he insists on imposing it, at least to exempt health care institutions? Or, does the government want to bleed the hospitals for revenue?

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, I know that the hon. member did not do it intentionally, but does distort in a very substantial way the commitment this government has made to hospitals, as well as to universities, schools and municipalities, that we will not increase the tax burden of these organizations.

**An hon. member:** Yes, you are.

**Mr. Wilson (Etobicoke Centre):** The hon. member says: "Yes, you are". If he would read the paper he would understand quite clearly that what he has just said is quite untrue.

The facts are that we are meeting with the provinces. We have had extensive discussions with hospitals, universities, schools and municipalities to see whether there is a simpler way of meeting the commitment we have made. Those meetings have been taking place quite

recently. In fact there was a meeting with the provinces as recently as last Friday.

**Mr. Rey Pagtakhan (Winnipeg North):** Mr. Speaker, the figures are not mine. The figures come from a financial institution that prepared the report for the Manitoba Health Organization.

Labour unions in health care institutions will likely demand GST related wage increases, which will further aggravate hospital expenditures, and cut-backs in health care services will then become inevitable unless the province is able to step in.

Since this government has already cut transfer payments to the provinces for health, how can the minister insist on imposing onerous financial burdens on hospitals and still expect them to provide excellent health care to all Canadians?

Would he admit that it would be silly to force hospitals to absorb the heavy administrative costs that the GST would impose if in fact no revenue is intended to be obtained from the hospitals?

**Hon. Michael Wilson (Minister of Finance):** Mr. Speaker, I am glad that the hon. member does acknowledge that we do not intend to collect additional revenues from those organizations.

As I indicated in my first answer we have had discussions with the provinces, the schools, the universities and the hospitals to find a means whereby we can simplify the administration of this. Those discussions are ongoing. If we can get agreement from the provinces to do so, then we should be able to meet the needs of the hospitals I should underscore the point that there will be no need for them to increase their wage rates along the line the hon. member has just suggested.

\* \* \*

### NATIONAL DEFENCE

**Hon. William Rompkey (Labrador):** Mr. Speaker, my question is for the Minister of National Defence. His department is now carrying out a review of defence policy.

In view of the fact we have heard today that other ministers including the Prime Minister are having the people of Canada participate in the public policy review process, is he now prepared to open up his review of defence policy to the people of Canada, to consult them