

Oral Questions

Mr. Broadbent: I want to ask the Minister of Finance this. Considering that this regressive tax has its most negative impact on the poorest people of Canada, and considering the government took months to indicate that its original plan was not to put a tax on food, and recently both the Conservative chairman and vice-chairman of the committee looking into this issue have talked about reimposing this tax on food, will the Minister give unequivocal assurance to the House of Commons that the government has no intention of making a bad tax worse by broadening it to include food?

Mr. Wilson (Etobicoke Centre): Mr. Speaker, the proposal is very clear. It does not tax food and it does not tax basic groceries.

What I do want to say to the hon. member is that when he says the proposal that we have on the table is very damaging for low income people, I point out to him that he is very, very wrong and he is misinterpreting and misrepresenting what the tax system said.

The goods and services tax itself would be a regressive tax. It would hurt the poor. But we have attached to the goods and services tax the low income tax credit which provides an offset. It keeps low income people whole so that families who are earning less than \$30,000 will be better off after tax reform and they will pay less as a result of tax reform. That is a fundamental element of this tax which has been widely acknowledged as being a major step forward and will make sure that this sales tax system as a whole, will be one of the best in the world today.

• (1430)

Mr. Broadbent: Mr. Speaker, I say to the minister I was quoting his expert, not mine. The expert was talking about the inadequacy of the compensatory measures to which the minister has just referred. The reality is that even after these changes are made in tax credits, 300,000 families living at the poverty level are going to be worse off, not better. That is the reality and he said it.

[*Translation*]

IMPOSITION OF TAX ON FOOD—GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): The Minister has not answered the question concretely. The question concerns suggestions made by the Chairman and Vice-

Chairman of the Committee on this subject and they raised the problem of imposing this tax on food. I repeat: Would the Minister assure Hon. Members of this House that the Government does not intend to impose this tax on food?

[*English*]

Mr. Wilson (Etobicoke Centre): Mr. Speaker, let me quote Mr. David Perry, who says: "The refundable sales tax credit system that he has outlined in the paper is probably the best system that any country has come up with to produce a sales tax that is not horrendously regressive".

That is exactly what we are proposing in this paper. We believe that the combination, not just of the sales tax credit but the combination of the exemption on basic groceries, the reduction of the middle-income tax rate, the rebate for housing, the payment we are making to small business people to offset the impact of the compliance cost for them, all of these produce a very solid fairness package that we have put before the committee. Now it is up to the committee to listen to the views of Canadians. We heard some last week. We are going to hear views from all sides of the question as the committee completes its work over the course of the next six weeks.

Mr. Broadbent: Mr. Speaker, the minister having selectively quoted from one expert has now switched to another. We will follow that up. In neither case, in the answers he has given so far, has he answered the question. The question is straightforward and what he implied by his last answer is that the government is in fact considering once again putting the tax on food. If it is not the case, I want the minister to come to the House of Commons and make it clear today that whatever the government plans to do with this tax, he, the minister, will guarantee us unequivocally that this tax will not be put on food. Will he say it or won't he?

Mr. Wilson (Etobicoke Centre): Mr. Speaker, I have made it very clear. We are putting forward a package, a fair and balanced package, a package that provides a number of very important fairness elements. This government has stated that it is very firm in the support that it provides for the package that is on the table today. That package includes the exemption of taxation for basic groceries.