

*Routine Proceedings*

amend the income tax provision in our legislation and begin to move more toward a wider review of these questions.

In the end the committee decided there were a number of changes that could be made in the GST which are absolutely fundamental to the improvement of it. The committee showed a great deal of sensitivity to the small business community.

Small business people have come to us on several occasions both in the past and in this government and indicated the high cost of collecting the tax. Some of them estimate the overhead was 16 per cent of the revenues. For the large corporations which have other systems of managing the tax collection, their cost is down around 2 per cent but particularly for very small firms 16 per cent represents a great deal of time.

The revisions made to simplify the tax collection for corporations with sales in the neighbourhood of \$200,000 and some choices between \$200,000 and \$500,000 per year are a great step forward. I am sure other members can think of businesses in their own constituency which that takes away a tremendous antagonism that has evolved between the small business person and the government.

• (1540)

The other relationship we wish to deal with which has caused a great deal of antagonism, which small business people and individual consumers told us, is that seeing that tax is a real antagonism because the purchase price is deceiving. They want to see the total cost. In Manitoba that adds on another 14 per cent and in Ontario another 15 per cent. That is a tremendous burden for people to carry.

If you are a busy person and you have children with you when you are shopping and you think you need \$10, you end up needing \$11.50. Every time you go into a store it is another \$1 or \$2 or \$3 more. That is a real aggravation. Most families have a great deal of difficulty making ends meet with the high tax burden on the income tax side and the high cost of bringing up children. This is another aggravation they wish to see us remove.

We have suggested ways the tax can be integrated into the price structure shown in stores. There are provincial issues involved here that we will have to return to and we will be very happy to raise that with provincial governments.

If we can have an integrated price with the value added tax and indicate on the final bill the percentage that is included as tax we think consumers will be able to plan out their expenditures and see exactly what the total of their bill is going to be. In a colloquial sense it will end the surprises at the till for consumers.

This committee also saw as a major problem integration and harmonization with the provinces. To anybody serious about tax reform in this country, the work of the committee has to be

endorsed as perhaps the most fundamental step being taken in the last decade.

The committee has said to the government and to the House that if you want to have fundamental change in this country you must seek out the support of the provinces to harmonize and to integrate the sales tax system, the value added tax or the consumption tax system.

I cannot agree more that this is the most fundamental problem. We are perhaps the only industrial country that has ten different variations of a sales tax known by a series of different names. For those who are trying to do business with us or travel here it is incomprehensible that a country with only 28 million people cannot even get its consumption taxes right.

We should thank the committee and particularly thank the majority who have seen this and say let us go to the provinces as quickly as possible and open up the debate with the provinces. There are many issues we can discuss.

Fortunately the regularly scheduled meeting between the federal Minister of Finance and the provincial ministers of finance takes place next week in Vancouver. This fresh report that has been widely quoted in the media will give the ministers an opportunity to set an agenda of co-operation. I know that our Minister of Finance is looking forward with a great deal of enthusiasm to the meeting.

I am sure provincial ministers also seek an opportunity for a more harmonized and integrated consumption tax in this country. Of course there are number of issues and a number of problems dealing with collection and dealing with distribution of the revenue.

In politics you can see situations, as does the opposition party, as problems or, as on the government side, as opportunities. We are very proud that we went into this very difficult situation in February, saw the problems and have sought now to lay out a very positive agenda.

In many ways the Official Opposition also understands that this has to be a positive solution. It is seeking out ways to improve the consumption tax system in this country. It has a particular strategy which I do not think will work because it would weaken some of the provinces far too greatly. However, that is a matter for discussion. It knows the present system is not working.

There has been a great deal of discussion in the media about extending the base. This committee was willing to review the options available to the government. One of the most controversial areas of discussion is what we include if we broaden the base. One of the problems facing a government is that when we introduce a new tax there are always barriers, whether we include this or that.