

Public finances being what they are at present, I doubt very much that such an idea could be put forward. Since allowing this would reduce the tax impact on certain clients—artists, self-employed and seasonal workers were mentioned—such a measure would deprive us of revenues.

I think that we should secure revenues from other sources. Of course, a motion cannot pursue several goals at the same time, but we should keep in mind the need to look for revenues elsewhere. If we stay with the same approach, we may have to look at corporate or trust tax deferrals, particularly the extraordinary revenue losses from family trusts whose renewal had been allowed by the previous government. The current government, for its part, does not appear committed to correcting the situation as it does not seem to believe that there are large revenues to be collected from this sector.

In conclusion, although the goal is commendable, the motion is much too broad and troubling because everyone would be allowed to average their income. It would be difficult to support the motion but, given its goals, the hon. member could explain it further and ensure that specific sectors are targeted, in particular the arts community. From there we could move on to a private member's bill or something more concrete in order to get good results.

[English]

Mr. Jim Abbott (Kootenay East): Madam Speaker, the entrepreneurial spirit is a driving force to the Canadian economy. I say again that there is a particular group of Canadians who are a driving force in the Canadian economy. They are the entrepreneurs. They are the people who get up in the morning with a blank page in their diary and go to bed at night having filled that page by exhibiting personal initiative. They have filled that page with creative, productive activity.

• (1135)

The entrepreneurial spirit moves forward with no boss pushing. These are the self-starters. Truly, if they do not do it, it will not get done. They are the farmers, ranchers, fruit growers, independent small business people, artists, writers, people in real estate sales or sales in general, freelancers and consultants.

Let us define what we are talking about here. We are talking about taxation and the way it relates to the entrepreneur. Tax is an arbitrary confiscation of wealth by government so that it may provide services and under political direction redistribute that wealth. The wealth is in the form of dollars and cents. It is capital. We are talking about the confiscation of capital for altruistic purposes. What we are really talking about is fairness in the taxation system.

Private Members' Business

I support the thrust of the motion because I believe the current tax system discriminates against entrepreneurs who are, I state again, a major driving force in the Canadian economy.

Assuming that the government historically has not intentionally discriminated against the entrepreneur, this question still must be asked: Now that it has been drawn to the government's attention, why would it want to continue to discriminate against people who have the handicap of never seeing a steady month to month paycheque? Why should these people have to suffer the disadvantage of irregular income along with the other insecurities of trying to provide for their families' welfare, their children's education and their own futures?

In debate in the House on September 20, 1991, Lee Richardson, member of Parliament and Parliamentary Secretary to the Minister of Transport, said in part:

When income of individuals fluctuates significantly from year to year, the total of the income taxes they pay over several years may be greater than if their income stream has been more constant over that period. This is because in those years, when incomes were high, they are subject to higher marginal tax rates and thus pay a greater portion of their income in tax. In such circumstances, averaging the income over a number of years would result in lower taxes each year, thus lowering the total tax burden over that period.

Using farmers as an example, in the same debate at page 2500 of *Hansard* the member for Edmonton Southeast said:

I would like to pick up a thread that was made, I think, yesterday by a member. Right now the average farmer in Canada produces food for about 95 to 100 Canadians. At the same time, since most farmers are men, his spouse has to go off the farm to earn money to feed the family on the farm. That is a catastrophe.

I believe and support the point the member for Edmonton Southeast was making that currently the tax system discriminates against the family farm. In many cases it forces an undesirable situation within families.

Staying with the same example of the farmer, in a letter from Mr. Ken Gadick of Folkman and Gadick, chartered accountants in my riding of Creston, British Columbia, he says:

The taxpayer in question reports his income on a cash basis, meaning revenues are reported only when received and expenses reported only when paid. For the first time, the farmer has sold almost his entire crop prior to the end of his current fiscal year. Furthermore, in almost every sale case he would be able to collect the cash also prior to his year end. However, this would put him in the position of receiving two crop years of revenue in one fiscal period, the 1993 and 1994 crop revenue. As this would mean a large absolute increase in the amount of income tax he would be paying, he has made the nonsensical business decision to ask his customers to not make their payments to him until after his year end. In turn, he has had to ask his bank to extend his line of credit, incurring unnecessary financing costs.

In a case such as this some form of averaging of income may have benefited the taxpayer by allowing him to collect the cash, reducing his need for financing from the bank and no increase in his overall tax burden.

• (1140)

As shown in Mr. Gadick's letter about farmers, the impediments are common with impediments to all small business people and individuals who are concerned about cash flow or