

Oral Questions

• (1420)

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I do not know what could be more reformist than moving from one system of taxation which simply is not working to a new system of taxation which by all accounts is going to be a far better system than what we have today.

I remind my hon. friend that there have been five—count them—five different Royal commissions or committees that were appointed in 1940, 1956, 1963, 1976 and 1983. These five commissions have all said: “Change from the existing tax. Reform it and bring in a new type of sales tax”.

It is not fundamental reform because there are 48 other countries that have this type of tax. Forty-eight other countries have proven that this type of tax works.

It is certainly reform in removing the bad tax that we have had for the last 65 years and moving to a good tax, the goods and services tax.

Mrs. Diane Marleau (Sudbury): Mr. Speaker, this week the government launched a series of radio advertisements on the GST.

Some hon. members: Hear, hear!

Mrs. Marleau: One of the ads which I listened to states that the GST is not an additional tax.

I ask the Minister of Finance this. Will the GST not be an additional tax on all services previously untaxed? Will it not be an additional tax on home heating fuels and hydro? Will it not be an additional tax on clothing, especially children's clothing? Yes or no?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, let me respond to the hon. member's question.

We are eliminating a tax that raises some \$18 billion. We are replacing it with a new tax which will also raise about \$18 billion. So there will be no additional tax burden to Canadians as a result of the reform from the federal sales tax today to the goods and services tax after January 1, 1991.

Mr. Ron MacDonald (Dartmouth): Mr. Speaker, my supplementary question is on the same matter and is addressed to the Minister of Consumer and Corporate

Affairs. It concerns the same misleading and untruthful radio ads on the proposed goods and services tax.

If commercial or private businesses were doing the same thing as this government is now doing, they would have their ads yanked off the air today. Will the minister immediately instruct his officials to investigate this very serious matter? Or has he also chosen to support this deceitful attempt to mislead Canadians and to use taxpayers' money to do so? Which is it?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I am not quite sure to what the hon. member is referring. If he has a specific reason for saying that the advertising is incorrect, then let him say so. I would like him to be more specific.

[*Translation*]

Ms. Audrey McLaughlin (Yukon): Mr. Speaker, my question is for the Minister of Revenue. Yesterday, the national director of the accounting firm Peat Marwick Thorne, who was appearing before the Senate committee, informed us that the government was changing the GST by lowering the rate for small business.

If this information is correct, will small businesses pay less tax or is the government just giving them the impression that they will pay less?

[*English*]

Hon. Otto Jelinek (Minister of National Revenue): No, Mr. Speaker.

First, we are not in the process of modifying or changing the GST as proposed.

Second, what is being discussed in the other place and what the leader of the New Democratic Party is talking about is strictly speculation.

The facts are that we are working with the small business community. We are working to try to enhance and improve, wherever possible, the simplified accounting procedures for all Canadians, but particularly for small businesses.

This should not come as news to anyone. We have said that in this House on many occasions. I said in front of the finance committee on a number of occasions that we are working on simplified procedures. Because we have worked with the business community we have been able