

Adjournment Debate

tories. It stands to be substantially hurt by the goods and services tax.

Small businesses are facing enormous GST compliance and administration costs. These businesses do not now have any sales taxes to administer, and accounting services are not available in small communities.

In summary, I can only repeat what I have said on several other occasions in this House concerning the goods and services tax proposal. The GST is unfair. It is unfair to all Canadians, but it will place a particularly heavy burden on northerners.

Whether the tax is 9 per cent or 7 per cent, northerners cannot afford this additional imposition. The proposed sales tax credit will not offset the increased costs for low income residents in the north. The government has not considered the unique northern economy, nor has it considered northern consumers in its GST design.

I urge the government again to reconsider. Scrap the GST.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the hon. member is concerned about the high cost of living in the North and the impact of the goods and services tax, the GST.

First, let me reiterate that the North, like all other regions of Canada, will benefit from the introduction of the GST. By removing federal sales tax from business inputs, the GST will have a very positive effect on capital-intensive, resource-based industries such as mining and oil and gas. These industries are important to the economy of the North and the member's region.

Overall, our analysis indicates that national economic output will expand by 1.4 per cent, or about \$9 billion. The North will share in these gains; its economic output is expected to grow by about the national average, 1.4 per cent. This expansion in economic activity will benefit all Northerners by creating permanent jobs and, of course, raising real incomes.

The hon. member expressed concern about the cost of food in the North. The government recognizes the level of prices of such commodities in the North; that is why

the income tax system provides benefits to residents in northern areas.

With respect to sales tax, it must be realized that under the existing federal sales tax, groceries bear some indirect sales tax imbedded in the price of the product from the beginning of the production chain. This occurs because many of the inputs used to produce food, like building materials used in processing plants, for example, are taxed. As well, the vehicles transporting the groceries to the North, loading equipment and motive fuels all currently bear federal sales tax.

In total, groceries currently bear about 1 to 2 per cent federal sales tax indirectly.

Under the GST, the sale of basic groceries will not be taxed. And, in contrast to the existing federal sales tax, the input tax credit mechanism under the GST ensures that all the indirect tax now imbedded in the price of groceries will be removed. As a result, the cost of basic groceries will be reduced by 1 or 2 per cent under the GST.

To ensure that sales tax reform is fair, a key element is the refundable GST credit paid to low- and modest-income Canadians. Credit cheques will be mailed four times a year, and the first cheques will be sent in December 1990, before the GST takes effect.

Indeed, the refundable GST credit will ensure that families earning less than \$30,000 a year will actually be better off in 1991 than they are under the present system.

In summary, the GST will provide important benefits to residents of Northern Canada by improving potential economic output, creating jobs and raising income levels.

• (1920)

[*English*]

FISHERIES

Mrs. Coline Campbell (South West Nova): Mr. Speaker, I asked my question of the minister on March 9. At the time, I was asking about trying to keep people of the area in their communities during the downturn until the aid package came.

As a supplementary question, I mentioned to the minister that we needed a new reassessment of the stocks in the Scotia-Fundy before any further steps were taken. I cannot emphasize enough that the fishermen in southwestern Nova Scotia are not convinced that the department's current stock estimates are accurate. Just ask the 50 or 60 fishermen who occupied the