

Government Orders

grams, Madam Speaker, and not necessarily increase the civil servants' salaries.

I should like to quote from the document entitled *1990-91 Main Estimates, Highlights by Ministry* issued by the Treasury Board of Canada: The decreases are: \$9.4 million deferred to 1991-92 and reclassified to non-budgetary for the venture capital activity which is for equity financing,—also an additional \$10 million.

Last year, Madam Speaker, the government cut \$13 million. This year, \$18 million. There is hardly anything left. When we see that the number of loans to small businesses went down from 35,000 to only 18,000, we realize that we do not really have the tools. This government is getting rid of all the tools which are necessary to develop small business in Canada and create new jobs. The statistics clearly show that small businesses create jobs when there is a recession, an economic crisis.

This morning, Madam Speaker, I can give you an idea of the way this government abandoned this sector. It is not only the financing. I am sure all my colleagues will agree that this sector needs funds. If there is a sector in Canada where financing is inadequate, it is the small business sector.

When we think of what will happen to the small businesses following the implementation of the GST, as my colleague said earlier, we understand that there is not enough financing and that the small businesses will get even smaller. I think we can believe John Bullock who predicted in the pre-budget brief he submitted to the Minister of Finance (Mr. Wilson) on the GST that small businesses will be wiped out.

If I may quote from page 2 of the document submitted by Mr. John Bullock, President of the Canadian Federation of Independent Business:

The small grocery stores and the establishments regrouping food stores and restaurants will be especially affected and will experience tremendous enforcement problems which will compel a great many of them to close.

It's clear! He foresees that as soon as the GST is implemented, a great many corner stores and convenience stores will go bankrupt!

He explained, and I quote:

They will have to keep a register of purchases.

When the minister suggests accounting will be simple, that there will be cash flow improvements, he comes up with an accounting example that is out of this world, Madam Speaker, because it is not real. Here is what the Canadian Federation of Independent Business has to say:

—a purchase register will have to be kept, referring to each invoice, in order to make a distinction between the sales tax levied by the province and that imposed by the Canadian government. The latter will extend no credit on that part of the purchase price made up of the provincial sales tax. An invoice-by-invoice computation will also have to be made for purchases of services that do not include the GST, such as bank interest charges and insurance premiums.

In addition to varying rates and exemptions of the GST and the nine provincial sales tax systems, businessmen will be faced with different tax application methods, different bookkeeping systems, different formulae, different returns, different audits, different penalties and different types of tax-on-tax structures. This places an unfair burden on small businesses, but especially the 265,000 retailers and most of the 450,000 manufacturers, wholesalers and service firms involved in retail sales.

• (1030)

Madam Speaker, it is a burden on all small businesses in this country. That was not said by the Official Opposition but by the Canadian Federation of Independent Business, and I imagine it knows what it's talking about, since it represents thousands of small businesses.

The federation conducted a survey on the subject after the tax rate was reduced from 9 to 7 per cent. And what were the results of this survey? In the small business sector, opposition to the GST has become even stronger. The survey, carried out in January, 1990, covered a sample consisting of 1,372 members of the federation. Of this group, 68 per cent were opposed, a drop of about 10 per cent compared with the results of the Angus Reid survey. This response shows that small businesses are very much aware of the incredible problems they will face in 1991.

We have a situation that is very serious indeed. It is due to lack of funding and a lack of awareness. When he launched his tax reform, Madam Speaker, the Minister of Finance (Mr. Wilson) had said repeatedly in this House that he would propose a simple system. Here we have a system that is so complicated that even institutions representing small businesses—that small businesses themselves are talking about closing down! It discourages them from investing, and we all know the kind of sacrifices these people make to establish a family business. They work day and night, the whole family, husband, wife and children. And now we are going to