

Excise Tax Act

According to the terminology of the bill the tax is to be removed on purchases by the municipalities of certain materials such as culverts, diesel fuel oil, fire truck chassis and so on. That is a good principle without doubt and it is something for which many of us have fought over the years. But I do not personally understand the view expressed by the minister a few moments ago.

To the best of my knowledge a municipality would purchase a fire truck chassis perhaps once in five or 15 years but the municipalities constantly make heavy expenditures of other kinds. I think, for instance, of the welfare departments of municipalities and also of the police departments. The police department of a municipality represents one of its most heavy expenditures and they are required to purchase automotive equipment for that department.

I feel that I know something about the purchases made by the city of Vancouver and when the city purchases equipment for its departments of welfare, police or parks it is not purchased with the idea of reselling it. When new equipment is purchased the old equipment is invariably turned in on the purchase of the new material.

I hate to put it this way but I am going to do so. In view of what the minister said a few moments ago I can only conclude that he was implying that he suspects the municipalities may be guilty of bootlegging automotive equipment.

Mr. Fleming (Eglinton): No, no.

Mr. Winch: One cannot take any other interpretation from what was said by the minister. He not only said it once but twice. I do not believe there is a municipality in this country that makes any purchase with the idea of deriving the benefit of sales or excise tax exemptions and then re-selling the object for a profit. The municipalities do not try to cheat the federal government nor evade paying tax nor do they engage in bootlegging equipment purchased by them.

The majority of hon. members of this house know something about the expenses of municipalities. The municipalities have heavy expenditures for police and fire protection, park maintenance and operations and drainage, sewerage and waterworks operations but the present bill does not extend to expenditures in connection with these operations the principle outlined by the minister. The minister deserves commendation for the \$5 million start he made on what he himself admits is a correct principle that a municipal government should not have to bear a federal

[Mr. Winch.]

tax on its basic purchases but the application of the principle should be extended to the fields of municipal activity I have outlined.

I would like to ask the minister if he believes—and I think he will admit he does believe—in the honesty of municipalities. If he does, the present bill should be extended to provide further tax relief on the necessary purchases of municipalities in discharging their governmental responsibilities.

Mr. Badanai: Mr. Chairman, I have already dealt with the unfortunate omission of trucks and automobiles in the exempt class by the minister. Now, I wish to bring to the attention of the minister the importance to the municipalities of snow removal equipment. This equipment is very important to municipalities such as Fort William and all the northern Ontario cities, which must have snow plows and snow removal equipment which cost a great deal of money. A snow blower would cost approximately between \$20,000 and \$25,000. Snow plow equipment is not purchased for the purpose of resale, nor is it something we purchase every year. A piece of equipment would last probably five years to 10 years. Snow removal is a very important feature in a municipality. We in Fort William pride ourselves on keeping our city streets clean and we do plow them after every snow storm. Is the minister going to consider giving relief on that class of snow removal equipment?

Mr. Fleming (Eglinton): There is no occasion for consideration of that because that equipment is already exempt. If my hon. friend will look at page 11 of the bill, about line 10, he will see that certain named goods sold to or imported by municipalities for their own use and not for resale are exempt. Now, the goods that I cited and the words following them include:

Equipment, at a price in excess of \$500 per unit, specially designed for use directly for road making, road cleaning or fire fighting—

And road cleaning includes snow removal.

Mr. Regier: Is it just the chassis?

Mr. Fleming (Eglinton): This is not confined to a chassis; this applies to the equipment.

Mr. Regier: Would the minister inform the house whether the motor of a fire truck is exempt from the excise tax? I notice it says "fire truck chassis". Would he define what it means exactly? Does it not include also the price of the motor?

Mr. Winch: At the same time would he also explain why only the chassis of fire fighting equipment bought by a municipality, city or town is exempt?