

*Excise*

**Mr. Whittaker:** What?

**Mr. Turner (Ottawa-Carleton):** Yes, indeed. It would be preferential to a domestic as against a foreign product. We have to do it by tariff and we have to do it openly; we cannot do it by hidden subsidies, taxes or transportation charges. Really, the proposed increases are moderate in that they amount to roughly 3½ cents per 25-ounce bottle of wine containing less than 7 per cent alcohol and 6½ cents per 25-ounce bottle of wine containing more than 7 per cent alcohol. It is not a heavy burden. I am referring to clause 11. Yesterday this House was very involved in conflict of interest. I want to say to members present that the minister will be as burdened by this tax as most other members of this House.

**Mr. Whittaker:** Mr. Chairman, I wish to ask the minister why he has picked on wine and not on cider or beer. The minister says it is a very small tax that he is imposing, but it is still 60 per cent higher than the present tax. Why is he doing it at this time, when the wine industry is in such serious economic straits? This, of course, goes back into the grape industry, the farming of grapes in Canada. Why is the minister just picking on the wine industry and not on cider or beer? With the present economic situation there is a real danger in imposing a tax like this, small as it is, on the wine industry. It encourages importers to import cheaper wines, which makes competition in the wine industry even more difficult.

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, this tax applies equally to imported and domestic wines. That is a fact. The foreign wine industry has from time to time questioned the policy of certain provincial liquor commissions as to their pricing policies. I have always been grateful that liquor has not been within federal jurisdiction so far as administration is concerned. Therefore, I can divest myself of that particular problem.

● (1700)

The government's decision not to increase the levy on cider and beer was based on the conclusion that the proposed increases relating to wines and spirits were moderate and that they would not create distortions in consumer preferences. The cider industry is a new industry in its developing stages, and not extending the tax is assisting this industry in becoming an important Canadian industry.

I should note, for the benefit of the committee, that wine traditionally receives very favourable tax treatment as opposed to beer and spirits. Perhaps I can give the committee the federal revenues per gallon of pure alcohol consumed as a beverage. On the basis of this post-budget, one gallon of pure alcohol is contained in 34 26-ounce bottles of fortified wine. The tax per gallon of that alcohol is \$5.25 for fortified wine. One gallon of pure alcohol is contained in 51 26-ounce bottles of table wine. The tax per gallon of alcohol, on the basis of this budget, for table wine is \$7.87. One gallon of pure alcohol is contained in 255 12-ounce bottles of beer. The tax per gallon of alcohol for beer is \$9.40. One gallon of pure alcohol is contained in 16 25-ounce of distilled spirits. The tax per gallon of alcohol is \$29.96. In summary, the tax per gallon of alcohol on fortified wine is \$5.25; per gallon of alcohol for table wines

[Mr. Turner (Ottawa-Carleton).]

it is \$7.87; for beer it is \$9.40; and for distilled spirits, \$29.96, on the basis of the post-budget. So there is still favourable treatment given to the wine industry.

Clauses 11 and 12 agreed to.

On clause 13—*Diversion of certain articles to non-exempt use, sale, etc.*

**Mr. Lambert (Edmonton West):** Mr. Chairman, this is the old, shall I say, "tractor diverted from logging and farming use" clause, and there is an extension here for aircraft. If a motor vehicle or tractor was purchased for agricultural or logging purposes, there was a certain sales tax exemption for a period of five years. If a farm tractor was used for part of the summer to haul a sheep's foot packer on the highway for reward, then that caused certain problems. Or if it was used to pull a scraper on a road building contract, the same thing applied. I see the former Minister of Transport does not know what a sheep's foot packer is. I am sure he has seen these great circular things that are used for packing down.

**Mr. Turner (Ottawa-Carleton):** I just think he is impressed that you were able to get it out twice in a row.

**Mr. Lambert (Edmonton West):** I should like to know the reason for this extension of liability for tax on an aircraft. Presumably the aircraft was purchased free of excise tax for use for certain stated purposes. Its use is then diverted, either in the hands of the original owner or the hands of a subsequent owner, within a specified time.

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, I suppose we would pick that up when the registry changed. That is how we would pick up the energy tax.

**Mr. Lambert (Edmonton West):** But why?

**Mr. Turner (Ottawa-Carleton):** Because it is diverted from an exempted use to a non-exempted use.

**Mr. Lambert (Edmonton West):** What is the exempted use of an aircraft for sales tax purposes?

**Mr. Turner (Ottawa-Carleton):** We are talking here about the energy tax. I apologize to the hon. member; we are talking about the transportation exemption, the exemption on transportation equipment. In other words, it exempts the sale of transportation equipment. We are talking about "aircraft used exclusively for the following classes of air service". These are aircraft purchased or imported without paying the tax. We are also talking about the regulations, scheduled regular, specific point, charter, flying clubs, commercial, specialty, international-scheduled, international regular specific point, international specific point, international charter. All come under the heading of "commercial air services". Now, if aircraft exempted from sales tax in this type of use are diverted to private, non-commercial use, then of course on their sale they would not be exempt from tax, or the tax would be recoverable.

**Mr. Lambert (Edmonton West):** Mr. Chairman, with the greatest respect, what I want to know is the type of aircraft concerned. The extension has to do with aircraft. This point has been argued time and time again in the past