

Excise Tax Act

for the application of these rates to the manufacture of foamed and expanded synthetic resins, otherwise the Canadian market would be taken up by imports from abroad. This is going to enable the Canadian manufacturers in this field to carry on with the same protection, no more and no less than manufacturers of similar products now have. A number of these products happened to be in existence and in production in 1952 when the tariff board made its report, and this is how they obtained the benefit of the rate recommended by the board at that time. There are manufacturers who have come along since, and who are making a comparable product.

Mr. Pickersgill: I assume that the manufacturers began making these products before they had any protection, and that they did not undertake to make them at a loss merely in the lively expectation of getting a tariff later on. I must say that the minister's argument is just the usual, indeed the classic argument in favour of protection, and it does seem to me that before embarking upon protection on an important new product which will, presumably, grow and increase in importance, the time necessary to have referred this question to the tariff board might have been taken.

Mr. Fleming (Eglinton): I can assure the committee that the cost of manufacture has been rising in this field and that one Canadian manufacturer who was turning out this product was compelled by high cost and foreign competition to go out of business.

Item 907 as amended agreed to.

The Deputy Chairman: Shall item 914 carry?

Mr. Pickersgill: I should like to say that I repeat all my observations on this item.

Item agreed to.

Resolutions 9 and 10 agreed to.

Resolutions reported and concurred in.

Hon. Donald M. Fleming (Minister of Finance) moved for leave to introduce Bill No. C-50, to amend the Customs Tariff.

Motion agreed to and bill read the first time.

EXCISE TAX ACT

The house resumed, from Wednesday, July 30, consideration in committee of Bill No. C-44, to amend the Excise Tax Act—Mr. Fleming (Eglinton)—Mr. Rea in the chair.

On schedule III.

The Deputy Chairman: When this committee rose on July 30 we were discussing the

[Mr. Fleming (Eglinton).]

heading "Municipalities" at page 11 in the schedule attached to the bill. Shall this heading carry?

Mr. Fleming (Eglinton): Mr. Chairman, discussion had opened under the heading "Municipalities" on a subject which applied really to the concluding words on page 12 under the heading "Processing Materials" where hon. gentlemen will find the words:

Materials (not including grease, lubricating oils or fuel for use in internal combustion engines) consumed or expended directly in the process of manufacture or production of goods.

And then provision had been made for an amendment so that the tax with respect to diesel fuel oil should not apply to the consumption of that product in logging and lumbering operations. For that reason at the resolution stage the words had been added which appear at the bottom of page 12 of the bill:

Diesel fuel oil when used in internal combustion engines used in logging operations and in the manufacture of rough lumber.

We discussed these two matters, Mr. Chairman, that on page 11 and that on page 12 together, because that was the way hon. members opposite wished it and because in particular under the heading "Municipalities" provision had been made for the exemption of diesel fuel oil used by municipalities in the generation of electricity.

When the committee last sat, which was on July 30 two weeks ago today, several hon. members had raised the question as to whether the exemption might not be applied as well to the consumption of fuel oil in the generation of electricity in mining operations. I gave some indication that we would consider that matter, and I am now in a position to submit to the committee an amendment on that point. The amendment reads as follows:

That Bill No. C-44, an act to amend the Excise Tax Act, be amended by adding thereto at the end of schedule III on page 12 the following:

Diesel fuel oil when used in internal combustion engines at mines to generate electricity for use in mining operations and other purposes connected therewith.

Mr. Benidickson: Mr. Chairman, I congratulate the minister for reaching this decision. When we last discussed this item I do not think he did, as he now says, suggest he would give this consideration, but I am very glad he has done so and I believe he has significantly shortened the debate that might follow upon this bill. I believe the decision was inevitable and a very desirable one. Inadvertently and with the best intentions the minister informed the committee on July 29 that to his knowledge the mines had not enjoyed the benefit that had come from a decision of the Department of Justice given