

*Excise Tax Act*

ment to proceed—to maintain and, indeed, increase its tax administration costs in what purports to be an effort to bring some relief to the people. Surely the government should go back to the drawing board and start again.

The 1974 report of the Economic Council of Canada entitled "Toward More Stable Growth in Construction" dealt with the principle of the federal sales tax on building materials, and it had this to say:

The building materials tax discriminates against construction investment in favour of production machinery and equipment which generally are not taxed—

Indeed the minister has gone out of his way to increase the bias in favour of investment in production machinery and equipment.

—and it fails to distinguish between investment in intermediate construction for use in the production of other goods and services and direct consumer investment in the form of housing. In the former case, it hinders the growth of construction investment and, in the latter case, it is inequitable in the sense that its burden is disproportionately heavy on low income people.

In terms of the remaining 5 per cent tax on building materials it is pretty difficult to justify, particularly in view of the maintenance of all the administrative costs of collecting this and, indeed, of increasing the administrative costs of dealing with this revised proposal of the Minister of Finance. I cannot for the life of me understand why the government continues to indulge in and compound an administrative nightmare and impose an inequitable and regressive tax. To me it would have made more sense to have given relief on this 5 per cent rather than engage in some of the increased expenditures as the government has done.

I wish to refer to one or two other examples of administrative nightmares in the course of discussing this bill. The air transportation tax increase that is proposed was termed modest by the Minister of Finance in his budget speech but, as hon. members are aware, we have been opposed to this tax in principle, again largely because of the administrative cost load involved in the collection of the tax. My colleague, the hon. member for Vegreville (Mr. Mazankowski), put this case to the House on a number of occasions when this tax was first proposed, and we still reject it in principle for the reasons he gave and to which I have alluded today.

The "modest increase" proposed in the air transportation tax by the Minister of Finance is an increase of 100 per cent. All I can say is that if that is the minister's idea of a modest tax increase, we can be thankful that he did not propose a big increase.

**Mr. Boulanger:** Tell us about the other countries.

**Mr. Stanfield:** I am sure the hon. member would love to hear us all talk about other countries, but we were sent here to talk about Canada.

**Some hon. Members:** Hear, hear!

**Mr. Stanfield:** That is precisely what we intend to talk about, and hon. members opposite can talk about any other country they like when they have the floor. They will not fool anyone one little bit in that respect.

[Mr. Stanfield.]

**Mr. Boulanger:** You won't either. You are not fooling anybody either.

**Mr. Stanfield:** I have not set out to fool anyone, Mr. Speaker. Hon. members opposite have set out to fool people.

**Mr. Baldwin:** They will not be allowed to make speeches on this. They will be kept quiet.

**Mr. Stanfield:** The main concern with this bill is the 10 cents per gallon gasoline tax increase proposed by the minister. Of all the options and of all the measures which one would have thought were open to the minister, who would have guessed prior to the announcement in the House that the minister would have chosen to increase the price of gasoline for personal travel by 10 cents per gallon? Of all the options and of all the measures, who would have guessed the minister would have chosen that one? He recognized in the budget speech, and again today, that the increase in the price of gas and in the price of oil at the wellhead tended to be inflationary, and that they had an inflationary aspect. He recognizes that. So what does he do? He does not try to counter that. He sets out immediately to increase vastly the inflationary aspect of the increase in the cost of energy, recognizing that the increase in the price of oil and gas at the wellhead would be inflationary and would create some inflationary pressure.

If one could think of any measure more inconsistent with what the minister has described as the priorities of his budget, I do not know how one would find it. How does the minister reconcile this 10 cents a gallon tax on gasoline with all his talk in the budget about restraint? How does he reconcile it with his desire to create an atmosphere in this country conducive to the maintenance of restraint? It is directly to the contrary. It works in exactly the opposite direction.

● (1630)

This afternoon the minister criticized the government of Ontario. That government will defend itself, but I would have to say that much of the minister's budget, particularly with regard to the gasoline tax, seems to have been developed in defiance of the well known concern of the government of Ontario as well as the opposition parties, with respect to the increased cost of energy and the effect on the economy and the lives of the people in that province. I say this budget must have been consciously developed in defiance of those concerned.

Various aspects of this measure come to mind. There are the possible conservation aspects of a ten cents per gallon tax on gasoline. The minister said, however, that he could not give the House an estimate of how much gasoline would be conserved as a result. He was frank enough to say during the question period that the purpose of the ten cents increase was to raise revenues. I do not think we need spend much time considering that the ten cents can be justified in any way as a conservation measure because the minister does not make that argument.

The ten cents tax will not aid the supply situation either. It will not encourage companies to go looking for oil or gas. It has nothing to do with easing the supply