

Excise Tax Act

In addition, the bill provides for the removal of the remaining 5 per cent sales tax on building insulating materials. This measure, which will further contribute to our objective of conserving fuel, will affect all purchases of insulating materials, as well as storm windows and doors.

The bill also provides for important reductions in the special excise tax on wines. This measure was felt necessary to assist the domestic wine and grape growing industry which has experienced a significant decline in recent months.

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): Perhaps I might also take a moment or two to comment on the discussion paper on federal sales and excise taxation tabled with the June 24 budget. As I mentioned in the budget speech, the tabling of the discussion paper formally initiates the commodity tax review program. The paper comments on major problems with the present federal sales tax, and evaluates a number of alternatives for improving the sales tax.

Although the discussion paper points out that shifting the federal sales tax from the manufacturing to the whole-sale level would provide important improvements, I would once again like to emphasize that the government is not committed to this course of action and welcomes comments from the public on all aspects of commodity taxation.

In summary, the budget emphasized that inflation, slow growth, and prospecting energy shortages are three issues facing Canadians, and that no single approach can solve all three. The special tax on gasoline proposed in Bill C-66 is a necessary step to preserve our one-price policy which shelters Canadians from a harsh and abrupt adjustment to the forces of the world market for energy supplies. I firmly believe that Canadians are prepared to accept reality and the necessity of introducing this tax at the present time.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, as the Minister of Finance (Mr. Turner) pointed out, this bill involves the alteration of some excise taxes, sales taxes, user taxes, call them what you will, the removal of a tax on a specific commodity, the institution of a special selective tax of 10 cents a gallon on gasoline, and an increase in the tax on air travel.

I would like to deal first of all with the one pleasant aspect of the bill, with the good news first, so to speak. Last November the minister announced an increase in the excise tax on domestic wines, excluding ciders. This you might consider perhaps as a hangover, so to speak, of the budget of May, 1974. But in May the increase that the Minister of Finance proposed in the excise tax on wines was eightfold, or 800 per cent. In November the increase which the minister proposed became ninefold, or 900 per cent. Now the minister, in his latest report to the House, stated:

I have been persuaded by many representations that the increased excise imposed last fall on wine is seriously affecting the wine and grape growing industry of the country. The excise tax will therefore be reduced to its previous level.

I do not know whether the minister experienced the grapes of wrath or the wrath of grapes, but certainly that represents a vintage reversal, even for this Minister of Finance whose sole vestige of consistency in the course of his ministry is now clearly seen to be his approach to cider, which he did not move in the first place. I am referring, of course, to his taxing approach to cider, not his approach to cider in any other respect. But that is the only pleasant aspect of the bill which is now before us. No, there is one other reasonably pleasant aspect, and that is the removal of the sales tax on building insulation materials. If that measure is viewed in isolation, it is welcome.

● (1620)

I must say that the mind continues to boggle, however, at the reluctance of the government to eliminate the remaining 5 per cent sales tax on all building materials. The minister reversed himself at an earlier time when, having fought the reduction of the 11 per cent sales tax over the years, he decided for the purposes of convenience to do something about it, and he reduced it to 5 per cent. I think the minister has reversed himself so many times that he must be in a considerable state of dizziness most of the time.

At the time he reduced the tax to 5 per cent we argued that the whole tax ought to have been removed because the cost involved in administration, collecting, and policing of the reduced tax had reached the point where the net take would indicate that total removal would make sense. We also argued that a total removal would have a more beneficial effect on the housing situation in the country, which was difficult then, and which has become more difficult since then. I think that is a sound argument, and it makes more sense for the government to remove the sales tax entirely.

There will be even less revenue for the federal treasury from taxation on building material under this new proposal. The government is reducing its take somewhat, but there will certainly be no reduction in the cost of administering this new tax. At the same time the administrative costs in the housing supply industry will increase because of the increased paper work necessary to accommodate a sales tax exception within the general lines of goods handled by that industry. These increased handling costs, administrative costs, and increased paper work costs will be passed on to builders, who in turn will pass them on to consumers who buy the finished product. It is quite possible that some of the increased administrative costs will be added to the price of insulation materials.

Mr. Paproski: Shame!

Mr. Turner (Ottawa-Carleton): You have enough insulation already, Steve!

Mr. Stanfield: The minister had better be careful with whom he picks a fight. It is all right to pick a fight with me, but the minister should be careful.

It is possible that some of the increase in administrative costs will be added on to the price of insulation material, thus deleting some of the effect of the 5 per cent sales tax reduction. I think this is a pretty silly way for the govern-