

*Proceedings on Adjournment Motion*

amount of tax in some other way or go without some service or benefit which it has come to expect from the government.

Estimates based on the value of production of building materials and related statistics led to the conclusion that the sales tax on all building materials now yields over \$300 million. The revenue from other materials used in the construction of housing—in other words, single family dwellings, apartment buildings and other units—is even more difficult to estimate but is believed to be between \$130 million and \$140 million. Thus, if the sales tax on all building materials were to be repealed at this time, I am informed that it would have to be replaced by increasing the rate of sales tax by more than 1.5 percentage points, or increasing the revenue from the present personal income tax by about 7 per cent. In other words, some equivalent measure would have to be introduced.

**Mr. McGrath:** What about winter works?

• (10:20 p.m.)

**Mr. Gray:** The exemption only of building materials used in housing would involve lower amounts, but the tax increase in other areas to offset this loss would still be important and difficult.

**Mr. McGrath:** I said, what about winter works programs?

**Mr. Gray:** Also proposals to eliminate the sales tax on building materials would affect the 3 per cent old age security tax that is part

of the sales tax. An exemption for building materials would reduce the old age security tax revenues which go to pay the old age security pensions.

It would, of course, be very difficult to administer an exemption restricted to building materials used only for housing construction. The tax is paid by the manufacturer of materials who does not know whether the bricks, lumber or glass he produces will be used to build a house or a factory. Any exemption, therefore, would probably have to be administered by refunds or by certificates from builders. It might well be better to consider payments to house or apartment builders or home owners of amounts calculated by some formula which would be approximately equal to the sales tax included in the cost of a housing unit.

In general, Mr. Speaker, the recommendations of the task force with respect to the item raised by the hon. member are certainly deserving of serious consideration. In doing so, we cannot overlook factors such as those I have mentioned. We must certainly take them into account in carrying out our duty to the people of this country.

**Mr. Deputy Speaker:** Order, please. The motion to adjourn the house is now deemed to have been adopted. Accordingly, this house stands adjourned until tomorrow at 11 a.m.

Motion agreed to and the house adjourned at 10.25 p.m.

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