

Excise Tax Act

and October 1 was the date on which it was imposed. However, many Hon. Members in their speeches at second reading, when the principle of the Bill was being debated, asked Hon. Members of the Government to explain it. So I take the opportunity now to ask the Minister if she would enlighten us as to how this particular section is going to assist anyone.

Mrs. McDougall: Mr. Chairman, I believe I indicated in my comments on second reading that once again we are faced with a situation where funds have already been committed. Many of these funds have been spent. There are ongoing program commitments. We are in a position—which I believe we have explained at quite considerable length—where we have to pay for those programs and expenditures which are already in place, and we must raise the revenues to do that.

I might also point out that if we do not act in a fiscally responsible manner, we are not doing the future of this country any favour at all.

Mr. Riis: Mr. Speaker, I wonder if the Minister would indicate whether she perceives this type of taxation as being regressive taxation or progressive taxation? Given her last comment, how can she justify this type of taxation, particularly at this time when we know there is a growing gap between the haves and the have nots in Canadian society, a growing gap between the lower and upper income earners?

• (1650)

Mrs. McDougall: Mr. Chairman, I do not regard this lightly at all. This is a revenue raising tax. It is not regressive in the sense that products which people require in daily life such as food and footwear, and I believe health care, are all exempted from this sales tax. So we have taken into account people at the lower income scale.

Mr. Riis: Mr. Chairman, one could argue that particular point at some length, but perhaps we will have an opportunity at third reading to develop that particular theme. I would be remiss if I did not ask the Minister to explain how this increase in sales tax, particularly as it applies to construction material, is justified. Why are construction materials not exempt from this increase? I am thinking particularly of the housing industry in this country. The construction industry in many parts of Canada has unemployment levels running in the 90 percentile range. To add now another percentage point to the federal sales tax on construction material seems to be absolutely opposite to the type of behaviour we should be seeing at this time. An incredibly hard-pressed industry is now going to be under more pressure than ever before because of this increase.

Mrs. McDougall: Mr. Chairman, the impact of this tax on the construction industry generally, or the construction of housing in particular, is essentially very low. Included in the price of a house is a very high land and labour component as well as the material component. I might also add that one of the biggest problems for people buying houses is high interest rates. If we do not deal with our problems in such a way that

we bring downward pressure on interest rates, then we are never going to help the housing market at all.

Mr. Riis: I do not want to let that remark go, Mr. Chairman. I think we all recognize that interest rates are the major financial component in new construction. It seems to me that if the Government were serious about economic recovery it would be taking some action on that particular front, and not simply adding additional costs to the construction sector, which is reflected not only in that sector but in manufacturing as well where the materials are made. I just wanted to say that if the Government and the Minister were serious about high interest rates and recognized that we are, in a peculiar way, blessed with the highest real interest rates of any industrialized nation, they would take some action on that front.

Mrs. McDougall: I will not comment on that, Mr. Chairman.

The Deputy Chairman: Shall Clause 16 carry?

Some Hon. Members: Agreed.

Clause 16 agreed to.

Clauses 17 to 21 inclusive agreed to.

On Clause 22—*Definitions*

Mr. King: Mr. Chairman, notice has been given of the difficult situation with regard to farm fuels faced by farmers who use their vehicles to travel on highways. The situation is even more exaggerated with respect to logging trucks, many of which travel primarily on the highway system. Has the Minister addressed the particular situation faced by logging truck operators who travel hundreds of miles daily on highways and who will be provided very little relief under the provisions of this Bill?

Mrs. McDougall: Mr. Chairman, in the forestry business the transporting of logs is felling, limbing, and off-highway transportation to the mill. It does not include any of the production activity on logs after transportation to the mill.

Mr. Brisco: Mr. Chairman, my difficulty with the definition of off-highway transportation of logs to a mill pond or mill yard is that really, on recollection, I cannot think of a single mill—and there are several in my constituency and others in British Columbia—where the mill pond or mill yard is accessible by off-highway use. That implies that the mill is in the bush where the logging trucks are operating. These mills are inevitably some distance removed from the bush. They do not always log adjacent to the mill. Once the slope is logged off, they could be 100 miles down the highway. So I have great difficulty with the term “off-highway transportation” in reference to getting the logs to the mill yard or mill pond.

Mrs. McDougall: Mr. Chairman, the only way I can respond is in the same way as I responded earlier. We are attempting to give relief to people who are engaged in these industries, and we are limiting the relief only to the extent that