

● (1150)

We find it incomprehensible that the Government of Canada would propose to increase the tax on any activity associated with the construction industry. It is an industry which needs all the help it can get in order to become viable and for companies to be able to operate, make a profit and provide jobs for workers.

What we have proposed in this motion is that Clause 19 be amended in such a way as to permit the tax imposed on fabricated structural steel and precast concrete to be set at 60 per cent of the sales price. When we moved the motion we were simply acting upon concerns expressed by representatives of the industry that we put forward a measure which would ensure that the construction industry would remain competitive and that no advantage would shift to any particular sector of the industry.

In moving the motion, and in speaking to it, I hope the Government will pay attention to the concerns of the industry and support the amendment.

Miss Aideen Nicholson (Trinity): Mr. Speaker, like my colleagues who have already spoken to these amendments, I too regret that sales tax is being increased on building materials. In my own constituency a very large proportion of the workforce is employed in the construction industry and anything which dampens construction activity is certainly felt immediately in terms of jobs.

Clause 19, which we are suggesting be amended, proposes to impose sales tax on a percentage of the sales price of modular building units and mobile homes. As my colleague, the Hon. Member for Saint-Léonard-Anjou (Mr. Gagliano), has pointed out, there is an inequity here on which many representations were made by representatives of the industry to members of the committee. Therefore, the amendment has the effect of equalizing the tax burden on makers of prefabricated construction units *vis-à-vis* their competitors, builders of similar types of construction on site.

I support these amendments in the name of equity. However, I deplore the fact that the sales tax is being imposed in the first place.

[Translation]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, in reply to the comments made by Members such as the Hon. Member for Saint-Léonard-Anjou (Mr. Gagliano) and the Hon. Member for Winnipeg North (Mr. Orlikow), I would like to say that the provisions related to the difference between goods manufactured at the construction site and those manufactured elsewhere, in subsection 26(4), were designed to distribute evenly the sales tax on completed buildings by ensuring that building materials would be subject to a tax whose absolute value would be the same, whether the materials were manufactured on the building site or in a plant.

Excise Tax Act

Mr. Speaker, attempts to distribute fairly the tax on various buildings and construction projects by applying the concept of manufacture at the site of construction and outside the site have been ineffective for many years since the manpower required on a building site to put up a structure varies substantially according to the design, the type of material, the time available, the temperature and a number of other factors.

Mr. Speaker, I believe that both the Opposition parties and the Government want a fair taxation system, but this cannot be achieved by trying to distribute equally the tax on buildings or similar projects since the erected buildings themselves are not taxed.

The best compromise, Mr. Speaker, is to amend the present tax system, to tax all manufactured components on a common basis, whatever manpower, general costs or benefits are added afterwards during the construction.

Mr. Speaker, repealing subsection 26(4) will achieve this objective by ensuring that the federal sales tax on all building materials will be collected on the price charged by the manufacturer.

Mr. Speaker, as we have already pointed out, the only exception concerns mobile homes and modular building units. These products are complete or nearly complete houses or buildings when they are sold, which is not the case of other pre-fabricated building materials and structural components which are simply part of the final structure of the buildings.

Application of this provision to structural steel and pre-fabricated concrete products cannot be justified by saying that special provisions have been provided for modular buildings and mobile homes, as these are quite different concepts. It is like mixing apples and oranges.

This would be totally unfair to the manufacturers of ready-mix concrete and asphalt paving mixtures or of wooden trusses, which also come under the provisions of subsection 26(4).

To conclude, Mr. Speaker, I think that to do so would be an insult to the many manufacturers of building materials who have always been fully subject to the sales tax on the price of their uninstalled materials.

Mr. Speaker, let me point out that I was also a member of the committee referred to by the Hon. Member for Saint-Léonard-Anjou (Mr. Gagliano). It is true that representations were made, but it is not true that all the committee members were unanimous on the proposals made by the Hon. Member for Saint-Léonard-Anjou. The change introduces more fairness into our tax system, and therefore I do not support the motion.

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I would also like to add a few comments, since Motion Nos. 7, 8, 9 and 10 are combined for debate. I would like to suggest to the Hon. Parliamentary Secretary that oranges and grape-