

Excise

matter taken care of so that this equipment is installed in Canadian plants.

There is also a question of terminology here. Under the terms of the auto pact, a piece of equipment mounted on a truck is called a part to complete the vehicle. But in Canada it is called a vehicle. A body mounted on a vehicle imported from the United States is termed a part required to complete that vehicle. Under the terms of the auto pact that body manufactured in Canada is called a vehicle.

● (2120)

What can happen is that much of this equipment is installed in the United States, completely by-passes the Canadian process, and takes quite a bit away from our industry here. The industry is very concerned about this. I am involved in this industry but I have no conflict of interest in that I declared my position. I do not consider I am any different than someone in the lumber industry speaking on a bill pertaining to construction materials.

Mr. Turner (Ottawa-Carleton): But Grafftey wants you to sell it, you know.

Mr. Kempling: This is a very serious matter and I have three amendments I should like to move. I think I gave the minister copies of two. Before proposing those amendments I have another point I should like to make in respect of Part XVI, construction equipment.

We exclude motor vehicles under construction equipment, but when we come down to Part XVII dealing with transportation equipment what do we do about a concrete mixer that is mounted on a ready-mix truck? That is construction equipment. Under the preceding part it refers to repair and replacement parts designed for the above equipment being exempt from sales tax. If a cement mixer is mounted on wheels then the parts required would be exempt from sales tax. If the mixer is mounted on a truck that provision would not apply.

The same applies to cranes, hoists and derricks in paragraph (c) in Part XVI, which refers to the repair or replacement parts designed for the above equipment being exempt from the tax. That same crane mounted on a motor truck would not be exempt from the sales tax, or at least the parts or repairs would not be exempt.

One of the amendments I would like to propose is to Part XVII, and would refer to repair and replacement parts designed for the above equipment. This would cover those items to which I have referred.

Mr. Turner (Ottawa-Carleton): This is something new. You were talking about aggregate pricing.

Mr. Kempling: This is something else, not aggregate pricing. I want to refer to aggregate pricing, and I took the definition of "aggregate" from the Oxford Dictionary on the table here so that we will know we are both talking in the same language.

The point I want to make is that many of these items of equipment mounted on motor trucks are of a value of less than \$1,000, but they are required to complete the vehicle making it an operational truck. One of the amendments I have would in fact rewrite Section 8 of Part XVIII, bringing in the principle I refer to as aggregate pricing. It

[Mr. Kempling.]

would be to the effect that when the sum total of the article being installed on a motor truck by a manufacturer or producer, or the fair duty paid value of the manufactured article exceeds \$1,000 in aggregate or in total, it would in fact be exempt from the federal sales tax.

The second amendment pertains as well to parts and equipment under Part XVII, Section 8. This has to do with the situation in which people in the transportation or trucking business are required to install equipment on motor vehicles and have to apply a certificate under the Motor Vehicle Safety Act. If that equipment came in from the United States and can be certified by the manufacturer, when the Canadian truck equipment or installation is supplied, the Motor Vehicle Safety Act requires that equipment to complete the vehicle. The manufacturer, producer or installer is then deemed in the eyes of the National Revenue Department to be a producer for the purpose of tax.

With the indulgence of the committee I will put these three amendments now. Are you ready to hear them, or would you like to make some remarks?

Mr. Turner (Ottawa-Carleton): Read them into *Hansard*.

Mr. Stanfield: Do you want them moved now?

Mr. Turner (Ottawa-Carleton): No. You could give us notice by reading them into *Hansard*, and we would then be in a position to consider them.

Mr. Kempling: I will read the three amendments I propose into the record. The first is:

That Bill C-40 be amended by inserting therein, next following line 20 on page 14 thereof, the following:

"10. Repair and replacement parts designed for the above equipment."

and by renumbering the next following paragraph accordingly.

The next amendment would actually replace Section 8 of Part XVII and would read as follows:

Parts and equipment designed for permanent installation on the tax exempt goods mentioned in sections 1 to 7 of this Part where, in the opinion of the minister, the fair sale price by the Canadian manufacturer or producer or the fair duty paid value of the imported articles exceeds \$1,000 in the aggregate.

The third amendment I would read into the record would go between Section 7 and 8 in Part XVII and would read as follows:

Parts and equipment designed for permanent installation on new highway truck tractors, trucks, truck trailers, tractor trailers and semi-trailers within the meaning of sections 1 and 2 of this Part, where the manufacturer, producer or installer is completing the vehicle and is required to apply a certificate thereto under the Motor Vehicle Safety Act.

This would require renumbering of subsequent clauses accordingly.

Those are the three amendments I would propose and I have copies here.

Mr. Turner (Ottawa-Carleton): We will take a look at those.