

Excise Tax Act

Mr. Cassidy: Since I was the Member who wished to comment, I will indicate to you that according to your ruling refusing me the right to speak that I will not seek to intervene at this time on that particular question. I do appreciate that it will be—

Mr. Speaker: The Hon. Member merely needs not to rise. To rise on a point of order to make the point is to make the point, with respect. Does the Hon. Member have a point of order?

Mr. Cassidy: There is a grave danger that you leave it open to an Hon. Member to withdraw after having made a speech and therefore to cut off the period of questions and comments.

Mr. Speaker: Order. The Hon. Member might read precisely what I said to the House a few minutes ago. I said quite precisely to the House that when a normal period of interruptions such as a lunch period, overnight period or adjournment of the debate has caused a problem then it seemed to me to be unreasonable or to be against the spirit of what was intended by the Report to allow the question and comment period to continue in the unavoidable absence of the Member.

If the Hon. Member is interpreting from that that he thinks that I believe that the question and comment period can be obviated by a Member making a speech and leaving the chamber then he has not interpreted me correctly.

Resumption of debate. The Hon. Member for Nepean-Carleton (Mr. Tupper).

Mr. Bill Tupper (Nepean-Carleton): Mr. Speaker, I welcome the opportunity to rise this afternoon on behalf of my constituents of Nepean-Carleton to provide an analysis of Bill C-80 during debate on second reading. This Bill will implement the Budget proposal relating to federal sales and excise taxes and excise duties announced by the Minister of Finance (Mr. Wilson) on May 23, 1985.

● (1610)

This Bill complements or forms part of the Budget which had a number of components. One of the major initiatives of the Budget was the aspect of economic renewal which included items to stimulate the economy and, perhaps most important to all Canadians, to create jobs. Another aspect of the Budget was fiscal responsibility or the reduction of the deficit. It provided that we reduce the deficit partly by cutting expenditures on the one hand and by increasing revenues on the other in an equitable way.

No member of a legislature is totally comfortable with initiating legislation that creates new taxes. However, all Governments must provide leadership and certainly all progressive Governments must create new initiatives and in doing so must be equitable in their endeavours.

The Budget to which I referred has been in place for a number of months. We have already begun to see its results. We recognize that some 300,000 new jobs have been created in the past year and that the prime interest rate is down by 2.75

per cent, the lowest it has been since September, 1978. The inflation rate is steady at 4 per cent, the lowest it has been since 1971. Business investment is up by about 12 per cent over last year and business confidence is at a very high level. Housing starts and automobile manufacturing are all increasing.

Statistics Canada and DRIE surveys indicate that investment growth will be considerably greater this year. Business fixed income in the second quarter and third quarter of the year is up substantially. In the past 10 days, we have seen the report of the Federation of Independent Businesses which indicates that that sector of the economy alone created something like 250,000 new jobs in the first half of the year. The delightful thing about the report was that it indicated that those trends would continue on into the last half of the year. Furthermore, four out of 10 small businessmen who replied to the Federation's questionnaire indicated that they were going to expand their businesses in the second half of the year, and five out of 10 of them indicated that they were going to increase investments in their businesses. All of the trends from the small business community indicate an atmosphere of confidence and growth. That was expanded upon in the past week by the Economic Council of Canada which indicated that Canada's Gross National Product and its employment rate were going to grow in the coming months.

It is against that background that this Bill has been introduced. The Bill contains four main thrusts. First, consistent with the recommendations of the Nielsen Task Force, the Bill proposes to broaden the sales tax base reversing the trend which has left only 30 per cent of potential commodities within the sales tax base. The federal sales tax is a general revenue which applies to most goods manufactured in Canada or imported for use in Canada. The tax is a major source of revenue generating some \$8 billion in the 1984-85 fiscal year. However, over the years, the list of products which are exempt from this tax has grown significantly.

The Government and the Ministerial task force on program review have re-examined many of these exemptions and concluded that some of them should be repealed. In some cases, the original rationale on which the exemption was based is no longer valid. In others, serious administrative and compliance problems have developed. All of the exemptions contribute to the serious deficit problems now faced by the Government. Even where the exemptions provide a valid benefit to some groups, it is necessary to carefully examine whether or not this benefit is truly required, properly targeted and reasonable in relation to the cost to government revenues.

In response to these concerns and in an effort to spread the burden of reducing the deficit over a broad range of products and consumers, the Government proposed that a number of federal sales tax exemptions be repealed. Effective July 1, 1985, a 10 per cent rate of federal sales tax was imposed on candy and confectionery products, soft drinks, pet foods and certain health goods and surgical and dental instruments. In addition, the 6 per cent tax rate applying to construction