

*Oral Questions*

● (1450)

**AUTOMOTIVE INDUSTRY**

SALES TAX ON CANADIAN MANUFACTURED CARS

**Mr. Bob Rae (Broadview-Greenwood):** Madam Speaker, on November 26 in this House the Minister of Finance, in answer to my leader, the hon. member for Oshawa, said that the government had absolutely no intention of taking off the federal sales tax on cars. On November 27 there was an item on the front page of the *Windsor Star* which said, "Gray hints sales tax on autos could end." The report went on to say that "Gray told reporters that removal of the sales tax on cars hasn't been ruled out." I would like to ask the Minister of Industry, Trade and Commerce who is speaking the truth to the Canadian people, the Minister of Finance or the Minister of Industry, Trade and Commerce?

**Mr. Nielsen:** Flip a coin.

**Hon. Herb Gray (Minister of Industry, Trade and Commerce):** Madam Speaker, we both speak the truth. I wish there were the same element of truth to the hon. member's question. All that I had done was indicate to journalists earlier that it was one issue that I felt we could continue to discuss with the Minister of Finance. The position of the government has been stated by the Minister of Finance, but obviously tax measures can be reviewed by the government in light of changes in circumstances.

**Mr. Rae:** Madam Speaker, the minister cannot have it both ways. He cannot be a member of a government which has rejected the sales tax proposal and, at the same time, tell his constituents and the people of Canada it is something the government is considering, when the Minister of Finance said it was something the government was not considering. It is just unacceptable.

**Some hon. Members:** Hear, hear!

IMPORTATION OF JAPANESE MANUFACTURED CARS—  
CANADIAN CONTENT IN AMERICAN MANUFACTURED CARS

**Mr. Bob Rae (Broadview-Greenwood):** My supplementary question is also for the Minister of Industry, Trade and Commerce. In light of the fact that 25 per cent of the membership of the United Auto Workers are now on permanent lay-off, and in light of the fact that there is an increasing rise in the sale of imported cars into Canada and a tremendous decline in the domestic industry, I would like to ask the minister specifically can he tell us whether the government is currently negotiating with the government of Japan with respect to limitations on imports for the years 1982 and 1983, and can he tell us whether there are any discussions taking place with the American government with respect to increasing the Canadian content in cars produced in North America.

**Hon. Herb Gray (Minister of Industry, Trade and Commerce):** Madam Speaker, we have been continuing our consultations, which we began under the context of the auto pact

with the preceding U.S. administration, with the current one, on a range of issues which are of concern to us.

We have been in touch with the government of Japan in order to get confirmation from them that they intend to maintain their forecast of exports to Canada for the period April, 1981, to April, 1982, of 174,000 vehicles. I anticipate we will be beginning discussions very soon with the Japanese on the question of continuing a restraint period by the Japanese for a second year.

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**REGIONAL ECONOMIC EXPANSION**

NEW BRUNSWICK FOREST INDUSTRY

**Hon. J. Robert Howie (York-Sunbury):** Madam Speaker, my question is for the Minister of Regional Economic Expansion. Where the federal and provincial governments have invested extensively in the forest sector of the New Brunswick economy, and where half the lumber mills are now closed and the pulp markets are soft, what measures will the minister take, or is the minister contemplating to alleviate the situation?

**Hon. Pierre De Bané (Minister of Regional Economic Expansion):** Madam Speaker, I would like to remind the hon. member that not less than three separate agreements with the government of New Brunswick relate to the forestry sector and the modernization of the pulp and paper industry. This is not counting the very major project in which several departments, foremost the Department of the Environment, are working for the ranger school and the forestry complex in Fredericton.

**An hon. Member:** What kind of answer is that?

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**INCOME TAX**

PROVISIONS AFFECTING CHURCHES

**Mr. Walter McLean (Waterloo):** Madam Speaker, my question is for the Minister of National Revenue. The minister will know that the budget has created great anxiety in the voluntary sector. Does the minister intend to penalize the Roman Catholic and Protestant churches of Canada by removing provisions in the Income Tax Act which have not traditionally taxed rental values of manses and rectories and, in the cases where priests or ministers are given subsidized loans to provide their own accommodation, does the minister intend to remove the exemptions covered in such an arrangement?

**Hon. William Rompkey (Minister of National Revenue):** Madam Speaker, there have been many allegations as to how the budget will be applied by the Department of National Revenue.

**An hon. Member:** Yes or no.