

Canadian consumers to the extent of approximately \$70 million a year.

There are also important sales tax exemptions for municipalities. Clause 4 will provide an exemption from sales tax for materials used to construct an incinerator to be owned by a municipality. This exemption also covers machinery and apparatus to be used in such an incinerator. The exemption will be provided by making payment to a municipality of an amount equal to the sales tax included in the price of the goods used to construct and equip an incinerator. This is the method followed in several other parts of the act to deal with situations where the eventual owner acquires a completed structure from contractors. Municipalities will also benefit from the exemption for instruments and materials they purchase to detect and measure pollution.

The bill will repeal the special 10 per cent excise tax on toilet articles and cosmetics. These goods are very widely used and I think hon. members will agree they should no longer be subject to special taxation. The bill will also repeal the special excise tax on all clocks and watches except to the extent that their price when sold by a manufacturer, or their duty paid value if imported, exceeds \$50.

In addition, there are a number of other amendments which are technical or consequential in nature or which affect products not in widespread use. With the exception of clause 3, which corrects an oversight in legislation passed in 1971 and has very limited application, all the amendments are relieving. With regard to the title of the bill, it will be noted that both the Excise Tax Act and the Excise Act are to be amended. The Excise Act imposes taxes, referred to as duties of excise, upon alcohol, alcoholic beverages and tobacco products. It is necessary to amend the Excise Act only because there is a cross-reference in it to the special excise tax on toilet goods and cosmetics which is described in the Excise Tax Act and which is being repealed.

That is all I want to say at the present time, Mr. Speaker. I shall be glad to provide more details to the House or to the committee with regard to particular amendments when the bill is being considered in committee.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, this particular part of the budget, other than the removal of the 10 per cent special excise tax on cosmetics, I suppose, has no great sex appeal and certainly no great public interest. I come to the point that I have made time and time again, that a budget bill should be considered as quickly as possible after the presentation of the budget.

A practice has crept in over the past several years, particularly under this administration, of delaying debate on bills that have been brought in to implement the budgetary measures proposed by the Minister of Finance. They are debated many months afterwards. I admit that there must be some interval for industry and those affected to consider the implications of the minister's budgetary provisions, so they can make representations to the government or write to the member of parliament asking him to put forward their points of view. But this idea of bringing forward these measures some six months after

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their announcement, after the event, so to speak, is wrong both from the point of view of the House and of the public.

• (1210)

We have now reached the point of considering these proposals. May I say, as one who has followed Customs tariff changes, that many people are being adversely affected by these tax measures. Many farmers will be hit hard with regard to this year's crop, for instance. Many fruit and vegetable growers are being hard hit this year, and any representations that they may make through their members in this House will be after the event. If the government's heart should be moved to make any changes with regard to these proposals, that action will be too late as it will be *ex post facto*.

Having said that, I want to say that in essence there is no section of this bill or principle of it that members of the official opposition would oppose. We would have liked to see different types of changes in the excise tax. Sales tax should have been reduced generally rather than on a selective basis. Apparently the government has taken it off certain items which have been the subject of a good deal of attention or pressure during past years. Rather than taking it off children's clothing or confectionery products and saying that the taxpayers of Canada, or the consumers of Canada, will be saved so much, it would have been better if the minister had brought about a general reduction of the sales tax.

I say that because of the great number of people who are to be given relief under the Income Tax Act, if they are in the position to pay income tax. I refer to old age pensioners and many people on lower incomes. It is no good granting income tax relief to them; they are not even getting a piece of the cake. But everybody has to pay sales tax of one sort or other. Every adult pays it for clothing, and for most of the things we purchase we pay the 12 per cent sales tax at the manufacturers' level no matter whether the goods are manufactured in or imported into Canada.

I would have thought that, as an alternative, the minister could have given serious consideration to reducing the sales tax in Canada from 12 per cent to 10 per cent. The minister could utilize the abundance of funds that he seems to have, as we see that budgetary surpluses are ever mounting as a result of inflation, since he is dealing in dollars. Bringing about a general reduction in the level of federal sales tax would be instrumental in combating rising prices. It must be remembered that the disparity between tax exempt goods and taxed goods is very wide as a result of the 12 per cent sales tax that is imposed at the manufacturers' level. This disparity is compounded by the profit margins taken in the distribution of goods. In effect, it compounds the inflationary thrust that we are and have been experiencing in Canada.

The minister has suggested changes with regard to personal income tax to partially counter the effect of inflation. There will be the indexing of incomes and as a result we shall eliminate the self-interest that the government may have in progressive inflation, because under a so-called progressive rate income tax system, the higher incomes rise as a result of inflation, the greater is the