

*Excise Tax*

said that this was not the piece of legislation in which to include such a broad exclusion of any taxation ever, but it is the place to say that the excise tax will not apply on Indian reserves. We did it in response to the request of the Hobbema Indians. The hon. member for Kamloops-Shuswap said that we did not respond to the demands of the Indian bands. I say that we did respond—the tax will not apply to them.

The second area in which I was interested was the representations of the scientific and university communities. They said that because we were separating the excise tax from the Customs Act, so that the two acts would no longer determine the nature of the tax, some of the technical equipment they used for research and teaching purposes in the universities would be taxable. The other side of that is: by exempting the goods imported by the scientific and research communities from any tax or duty, in essence we were ensuring that Canadian manufacturers would never spring up to produce those kinds of goods. Because of the competitive advantage of the very large multinational producers of some kinds of scientific equipment, in terms of their sale forces and so on, the research facilities in Canadian universities were not aware that very similar goods were available from Canadian producers.

In the case of the marginal manufacturing tax, we wanted to ensure that importers did not have a competitive advantage vis-à-vis Canadian producers which create jobs for Canadians; we wanted to do the same thing with regard to scientific equipment, but they were being put at a competitive disadvantage to imports.

For the purposes of economic development, we said that Canadian producers should be put on an equal footing with the imports and that they should be given an additional advantage. As a result the tax was changed and our scientific equipment manufacturers will benefit from it. It will mean long-term jobs for Canadians in highly paid positions.

I do not apologize for doing that. I used to be a university professor and I know the costs and the troubles faced by the universities. I am saying that in the vast majority of cases there are Canadian-produced goods of equal quality which will do the job as well. Now those Canadian-produced products will be in a position to compete fairly and effectively.

I cannot indicate the background of the tax on the handicapped, but certainly if there is an anomaly in the tax which cannot be clearly justified, I assure the hon. member we will reconsider it before the next budget. I am not making any promises, but I will tell him that right off the bat.

I met with representatives of the artistic community with regard to lithographs. It was a problem area from the outset in terms of this particular tax. The difficulty was coming up with an equitable definition of an original print. The hon. member for Kamloops-Shuswap made a very valid point. He indicated that original lithographic prints signed and numbered by the artist are totally different from Elvis Presley posters and such. The creative process runs from the individually created, one-off print all the way to multiple copy prints, mechanically produced prints, and the ones reproduced on an offset press. The difficulty which Revenue Canada is now trying to work

out with the representatives of the art community is how to define "original". If someone makes 5,000 copies of a print, then signs every one and numbers them from one to 5,000, do they qualify or not?

The Secretary of State (Mr. Fox) and the Minister of National Revenue (Mr. Rompkey) are continuing to work on this particular problem. It will be considered for adjustment in the coming budget within the context of "original". We do not want to tax original art, but we do not want to say that something by art community standards, or even very loose standards beyond the art community, would possibly fall into that area and not be taxable. We want to avoid that and the art community wants to avoid it. We are working with them to arrive at a clear definition to ensure that the tax does not apply unfairly to artists who are lithographers as opposed to others.

Turning to the area of newspapers, this point was raised at second reading and at report stage by the hon. member for Kamloops-Shuswap. As well, the hon. member for Edmonton West (Mr. Lambert) raised it this morning. I should like to deal with the concerns of both members in that regard. The hon. member for Kamloops-Shuswap said that we should encourage small, independent newspapers. I could not agree with him more. I am sure no one on either side of the House would disagree. There is nothing in this piece of legislation which will impact in any way upon the ability of small, independent newspapers to operate profitably and to operate as they have in the past.

● (1450)

At one time a newspaper was defined to be any publication in which there was no more than 70 per cent advertising. I believe it was in 1978 when this area was questioned in the courts and it was eliminated, for whatever reason. When this particular legislation was brought forward the question we were trying to get at was if you have an advertising flyer which contains absolutely no printed words by an editor, a writer or by anyone, is it a newspaper? And is it then subject to the tax-free provisions? That is the question we were asking.

What was the original intent of exempting newspapers from taxation? The intent was that we wanted to have free and open access to information for Canadians. We wanted Canadians to be able to hear the criticisms of anyone who wished to set up a newspaper or a radio station, within regular guidelines, that is, the limitations associated with airwaves, etc. We wanted to give Canadians the broadest possible access to different ideas, to criticism of government and of the business community and to criticism of each other. That was the original intent many years ago. I think that intent must be considered with regard to what is going on here.

Let us look at the definition which has been proposed. It says that if any one issue of newspaper is more than 90 per cent advertising, then it is not tax exempt. That certainly cannot be considered unreasonable, since I think all of us have some concept of the difference between news and information. Advertising is certainly information but should advertising in