

from British Columbia because it is not my role to defend the minister in respect of anything like this. My colleague spoke about the benefits this measure would have in increasing the job capacity of Canada. I am quite sure the minister had in mind the idea that by not removing the sales tax entirely, the same bureaucracy would exist to administer the 5 per cent tax as existed to administer the 12 per cent tax. If the tax were eliminated completely, the minister probably thought that quite a number of people would be out of work. I am sure the minister had that in mind, and for that reason did not remove the sales tax entirely. I wish he had brought it down to 1 per cent and been fair to public servants.

Mr. Brisco: Madam Chairman, for the record I should like to comment on the subject of building materials. I should like to bring to the attention of the minister statements made by the Minister of State for Urban Affairs with regard to the tax on building materials. If I recall correctly, I believe the minister stated, when it was suggested that the building material tax be removed to assist the depressed lumber industry in British Columbia, that really this was not a worth while exercise because the United States received two-thirds of our lumber, that one-third remained in Canada and that of the one-third that remained in Canada only a third was used for the construction of homes.

I believe the fact that there is now a reduction in the tax makes the argument presented by the Minister of State for Urban Affairs rather weak. I should like to endorse the remarks of the hon. member for Prince George-Peace River with regard to the maintenance of the bureaucracy. There is no question that if the tax were totally removed, there would be a reduction in the cost of the operation of government.

Mr. Knowles (Winnipeg North Centre): And it could be put somewhere else.

Mr. Brisco: Yes, but apparently that is not the name of the game. I wonder whether the minister would consider a one-time rebate of the tax differential on the tax paid by building materials suppliers. I notice the minister is not in the chamber. Perhaps he would answer that question when he returns.

I wish to reinforce the arguments and remarks presented by other members on this side of the House and ask, what is the benefit to Canadians of maintaining this tax, other than any benefit which might accrue to some public servants? If the government had really wanted to do something to stimulate the housing industry and to the forest industry of British Columbia and other provinces, it would have removed completely the tax on building materials which we on this side have been asking for a number of years. We said in 1972 that our party would remove it, and we said it again in 1974. Now the government has decided to go a rather poor half way. I really think the government should reconsider its action.

Mr. Cullen: First of all, Madam Chairman, I should like to say that the minister was called to a very important phone call and will be back shortly. Once again we have the same representations from the other side in respect of the way in which the government has gone part way.

Excise

What we have endeavoured to do in reducing the tax is not merely to encourage house building but also to exercise judgment in respect of this particular tax. Had we reduced it down to the zero figure it would have meant a further revenue loss of \$380 million. We already have lost \$450 million to the federal treasury. We have gone a long way toward meeting the requirements. With regard to the one-time rebate, I do not see that taking place. The minister is not here, but I am sure it will not take place. I can see it as an administrative nightmare. It would be too complicated. In the other areas it was easy to do it, but in this area I cannot foresee it taking place.

● (1730)

[Translation]

Mr. Fortin: Madam Chairman, I would like very briefly to ask the Parliamentary Secretary to the Minister of Finance (Mr. Cullen), since he just stated that the full abolition of the sales tax on building materials would result in a loss of \$380 million for the federal treasury, what will be the loss resulting from the tax cut?

[English]

Mr. Cullen: The figure that I gave for the reduction was \$450 million. If we took off an additional amount, it would be an additional \$380 million.

Mr. Wenman: The parliamentary secretary suggested that there would be a further loss to the government of some \$300 million if they took the building materials tax off altogether. In the minister's estimates for the coming year, when he estimates the inflation factor plus the reduction, does he anticipate, even at the low rate of return of the sales tax, at least an amount equal to last year's or more? Is there an estimate in this range as to the amount of sales tax on building or other materials? In other words, the sales tax, due to inflation, will probably not be any less this year than last year, even with the reduction; is that correct?

Mr. Cullen: Once again, it is an estimate that is made. The figures are pretty close. The hon. member indicates that as a result of inflation we may not be losing quite that amount. But we have to compare one orange with another orange. The other figure, whereby we would have lost \$450 million, might also have been increased as a result of the inflation factor. So you have to compare \$380 million to \$450 million.

[Translation]

Mr. Fortin: Madam Chairman, the question raised by my colleague is interesting and timely. The Department of Finance knows the rate of inflation. The Department of Finance also knows the housing stock and the number of housing starts. The Department of Finance knows the revenues derived for every previous fiscal year from the sales tax on building materials.

Therefore, what are the specific estimates of the Department of Finance since this did not come out of thin air and all of a sudden there is a tax cut on building materials which we quite welcome? The government seems to suggest this is very good news but we would like to know how it will recover its money, in view of the inflationary