

Excise Tax Act

Mr. Speaker: In my opinion, the nays have it.

And more than five Members having risen:

Mr. Speaker: Pursuant to Standing Order 81(11), the recorded division on the proposed motion stands deferred.

Mr. David Orlikow (for Mr. de Jong) moved:

Motion No. 2

That Bill C-80, be amended in Clause 16 by striking out line 40 at page 16 and substituting the following therefor:

"1986".

Motion No. 3

That Bill C-80, be amended in Clause 16 by striking out line 43 at page 16 and substituting the following therefor:

"force on January 1, 1987."

He said: Mr. Speaker, in debating the earlier motion I indicated the reasons for opposing virtually all of these. I do not need to make any long speeches about why we oppose the taxation on video cassettes.

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am pleased to support Motions Nos. 2 and 3 which are combined for debate. Both motions have the effect of postponing for one year the effective date of tax increases on goods taxed under the Excise Tax Act. I do not feel strongly on spirits and so on, but I wish to address myself to Schedule V goods, construction materials.

We find many fixed-price contracts in the construction industry. It is extremely difficult, especially for small construction firms, to be asked to absorb the costs of this large increase in sales tax on construction materials without notice. Therefore, the proposal of the Hon. Member that the tax be postponed for one year is a compromise. It would be preferable not to have the tax at all, but at least a postponement for one year would avoid a situation where small construction businesses and contractors may be forced out of business because they are locked into fixed-price contracts.

[*Translation*]

Mr. Alfonso Gagliano (Saint-Léonard-Anjou): Mr. Speaker, I also have a few comments to make in support of this amendment because it is a very important one for the construction industry.

As Hon. Members are aware, long-term planning is characteristic of this industry. Contracts are signed that sometimes, and I would even say often, extend over several years in order to finish the work under these contracts, and a tax increase on such short notice, as little as a month, will put the construction industry especially in a risky situation.

We all know that the profit margins, which are in fact quite small in this industry, depend on the amount of the contract. The tax would therefore have a disastrous impact on the growth and survival of this industry.

● (1130)

Mr. Speaker, I think it would make sense for the Government to give fairly generous notice, and that is why we are supporting this motion.

As a member of the Legislative Committee on this Bill, I would like to point out that the construction industry made some very substantial and serious representations, and I would ask my fellow members to support this amendment.

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the motion before the House today proposes to postpone the implementation of a budgetary measure for one year.

I am a little surprised at the stand taken by the Opposition in this respect, especially when we realize that in previous Budgets, all fiscal measures usually became effective on Budget night. In this case, we have allowed a period of five weeks, that is, five weeks between notice and application of this change.

Mr. Speaker, I feel this Government has allowed for the specific cases referred to by the Opposition, and considering the five weeks the industry will have had to plan accordingly, I think this is entirely fair and square. Postponing the implementation of this legislation for one year would in the final instance make no difference at all to the problems experienced by the industry in general.

On the other hand, the federal Treasury would lose the sum of \$90 million which it needs, considering the mandate we received from the Canadian people on September 4, 1984, which was mainly to reduce the deficit, a deficit that as you know, Mr. Speaker, we inherited from our predecessors. It is easy for them to say today: Don't do this, don't do that. The fact remains that the \$34 billion deficit we have to work with and we must fight daily is a legacy of the former Liberal Government.

The changes we are proposing are aimed at getting a healthier economy and better productivity in this country, an economy that will at last be what it should be, the kind of economy the construction industry, like any other industry, would like to have.

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, I will try to speak to the motion under consideration rather than comment on the deficit, which is not even mentioned in the motion.

The Parliamentary Secretary has just told us that this measure will cost Canadians an additional \$90 million in taxes. Mr. Speaker, I would simply remind the House that this excise or sales tax, or this additional Government levy will hit construction materials particularly hard, as shown in the amendment under study, and that it will also impact on prefabricated Canadian houses and structures such as summer cottages,