

society and determine the effect of various taxes. Our income tax system is now among the most progressive in the world. It takes into account the needs of individuals. We should do the same sort of thing with other taxes. For example, we have not yet looked closely at the effects of the excise tax and sales tax, the latter being imposed at the federal and provincial levels, or at the effects of the property tax which is imposed at the municipal level. It is our duty, as parliamentarians, to consider the effects of such taxes, many of which are regressive.

The sales tax, applied uniformly to every person in society, bears much more harshly on those at the low end of the income scale than it does on those higher up the income scale. I support wholeheartedly the call by the hon. member for Edmonton West for a serious study on the impact of sales taxes and excise taxes in this country. This ought to be done during the present session of parliament.

My party can support most of the measures proposed under this bill, although we question two or three items which can be dealt with in committee of the whole. I shall raise one or two questions now to which the minister perhaps will respond if he participates in the debate this afternoon. I refer particularly to the removal of sales tax from clothing and footwear and the removal of excise tax from other commodities which affect consumers. Too often in the past when such taxes have been removed, the consumer has not been given the benefit; the middleman has pocketed the extra money. If we remove the sales tax in order to help people fight inflation, it is incumbent on us to set up a monetary agency which will make sure that sales tax reductions are passed on to the consumer and not pocketed by the middlemen—advertisers, wholesalers, retailers or others in the chain.

We should also monitor closely building material sales to make sure that the tax reduction is passed on to the consumer. My party has always been in favour of refunding the money collected as a tax on building materials to those who are going to build homes, particularly those in the lower and middle income brackets. We are afraid that once the sales tax on building materials is reduced to 5 per cent, hundreds of millions of dollars which should be passed on to consumers will be siphoned off by people in the building industry—contractors, painters, real estate people, and so on, right down the line. This would not happen if the money collected were rebated to those building a home. Why did the minister not consider this, because I suggest that what we propose will be much easier to administer?

Reducing the sales tax to 5 per cent right across the board could be regressive. For example, the person building a home worth \$30,000 or \$35,000 will not benefit to nearly the same extent as the person building a home worth, say, \$100,000. On the surface, both will benefit to the same extent by the reduction to 5 per cent.

Mr. Turner (Ottawa-Carleton): You cannot have a sales tax which is regressive and make it progressive when you lower the rate.

Mr. Nystrom: Mr. Speaker, that is why we suggest the tax credit approach. Perhaps it would be better to pay a lump sum to every home builder as a tax credit. Such credit might be worth, say, \$500 to everybody. At least that

Excise

approach would be equitable. The greatest benefit would not go to those who build the most expensive houses; it would go to those who build average houses or houses which do not cost too much. I raise these matters as they concern me. Perhaps the minister will respond later in the debate.

The extra tax to be imposed on vehicles with powerful engines is a step in the right direction as such engines consume large quantities of energy. I am happy to see exemptions made in favour of farm tractors. My only concern is the limit on the size of boat engines. I think 20 horsepower is the limit on boat engines, above which extra tax must be paid. I suggest that a 20-horsepower boat engine is not very large; I do not think an engine so small consumes very much energy.

May I call it one o'clock and continue later?

Mr. Deputy Speaker: Order, please. It being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Nystrom: Madam Speaker, before the lunch hour I was saying that one section of the bill before us implements a tax on high energy consuming engines and motors. I had made the point that it applies to boats with an engine of 20-horsepower. There is another point I want to mention at this time. Unfortunately, the minister is not here although his parliamentary secretary is in the chamber. I refer to clause 21, page 10. Section 10 refers to motorcycle engines to which the tax will apply. It provides that motorcycles with an engine displacement of greater than 250 cubic centimeters will be subject to a tax of 5 per cent. A motorcycle with a 250 c.c. engine is one of small or intermediate size. The tax should not apply to an engine of this size: it is not high energy consuming. If we are to try to save energy, which is the purpose of this tax measure, we should apply the tax to engines of much greater size.

In today's society, people who live in the suburbs travel to and from the city to work in a car that weighs several tons. More people are using motorbikes or motorcycles of one sort or another. If you put a tax on a motorcycle with an engine as small as 250 cubic centimeters, you defeat the whole purpose and philosophy of putting a tax on high energy consuming engines. This tax should be lifted from 250 c.c. engines and applied to those in the range of 600 or 750 cubic centimeters. I hope that when the minister returns to the chamber he will consider the possibility of an amendment with regard to motorcycles.

I wish to stress another point. Motorcycles are often not used for pleasure. People use them to go to and from work, to the corner grocery store, and so on. They are not used as much for pleasure as are boats. I have argued that the limit is too low for boats and my argument is even stronger with regard to motorcycles. After all, we are not dealing with a huge engine that consumes a lot of energy.