

Excise Tax Act

Mr. Peters: Madam Chairman, I have a question for the minister on Clause 4. I read in the expert column by Dillon O'Leary, the son of the famous Senator of the same name, and of Irish extraction, that when the increase was put on in the federal budget the amount was translated to 20 cents in Ontario. It is removed now and only 15 cents is deducted in Ontario, so the five cents is still a reflection of the federal tax. I am aware of what happened. The Ontario government decided to reduce it to 15 cents and to keep the five cents. It is the responsibility of the Minister of Finance in that he started it and he gave them the opportunity to do this. I wonder what extraordinary measures he intends to take with regard to those who favour the grape and its derivatives to get that five cents off so that wine producers in Ontario and elsewhere will benefit from the removal of the total tax.

Mr. Turner (Ottawa-Carleton): The effect of the amendment, as the hon. gentleman surmises, is to hold back excise tax increases which were put on producers on November 18. This means the decrease represented by this clause amounts to 20 cents a gallon, as he said, on wines of all kinds containing not more than 7 per cent of absolute alcohol by volume, and 40 cents on all wines containing more than 7 per cent of absolute alcohol by volume.

The hon. member asked me what I will do about the provincial government and its pricing policy at LCBOs. That is within their jurisdiction, but it should be clear to domestic grape growing and wine producing industries that we have rescinded the 20 cent increase.

Mr. Peters: We do not grow apples in northern Ontario but I am curious about the difference that has been made with respect to ciders. There is a stronger and a weaker cider. For instance, Calvados is almost undrinkable. I would like to ask the minister whether there is a tax on the ordinary cider that is manufactured for sale in grocery stores, and how is it supervised? I gather that after a period of time cider becomes stronger. Is there any tax on cider produced from fresh apples and sold along the roadsides in parts of southern Quebec and Ontario?

Mr. Turner (Ottawa-Carleton): I do not know from what stores the hon. member buys his cider, but he cannot get high alcoholic content cider in grocery stores. Cider containing less than a certain percentage of alcohol is not taxed, it was relieved of the sales tax in two or three previous budgets, as is every so called soft drink. If it has the necessary alcoholic content it bears a general tax, but it was not affected by the special tax imposed in the November 18 budget.

[Translation]

Mr. Matte: To elaborate on that question, Madam Chairman, I would like to ask the minister if he is thinking of cider as well as wine? In other words, are ciders included in the wines mentioned in clause 4?

Mr. Turner (Ottawa-Carleton): Madam Chairman, there was no special tax on beer or ciders on November 18, and therefore no need to repeal such a tax.

[English]

Mr. Towers: Madam Chairman, it is not often that a minister changes his policy within six or eight months. In

view of the fact that a large number of Canadians are incensed at his reducing the tax on wine at the same time as he is increasing the tax on gasoline, I am wondering if the minister is prepared to say that he made a mistake in the November 18 budget, or what is the reasoning for the quick change in policy?

● (1710)

Mr. Turner (Ottawa-Carleton): Because of recent changes in the market the domestic wine and grape growing industry has been seriously affected, and I wanted to improve its position on the basis of representations made by very many hon. members of this House, particularly the hon. members from the Niagara Peninsula.

[Translation]

Mr. Allard: Madam Chairman, I would like to ask the minister if we have to see the bottom of the bottle or the bottom of the barrel to know whether cider and beer are included in Clause 4. In fact, it seems that we did not get a satisfactory reply to the question asked by my colleague from Champlain.

Mr. Turner (Ottawa-Carleton): There is obviously a certain excise tax on beer and a certain minimum tax on cider. However, this clause removes only the special tax placed on November 18 on wine. But no special tax was placed on cider or beer on November 18. This is why these two items are not included in the clause.

[English]

Clause 4 agreed to.

On clause 5.

Mr. Baldwin: Madam Chairman, before we get into the debate, I rise on a point of order. I know that the minister is prepared at this stage to move an amendment, as he indicated at second reading, and when he moves his amendment I will propose a subamendment, which would permit hon. members to discuss this clause in the light of the amendments.

Mr. Knowles (Winnipeg North Centre): I have another amendment.

Mr. Turner (Ottawa-Carleton): One could see just how frustrated those two hon. gentlemen would be if I did not present my amendment first.

Mr. Knowles (Winnipeg North Centre): I would be prepared to move mine first.

Mr. Turner (Ottawa-Carleton): The committee will recall that as a result of Mr. Speaker's decision a subclause of clause 5 was stricken because Mr. Speaker held that it did not correspond with the ways and means motion.

Mr. Baldwin: Very sound judgment.

Mr. Turner (Ottawa-Carleton): In any event, I would like to move an amendment to reintroduce a clause, in strict conformity with the ways and means motion, to give furtherance to the sense and ambit of the decision of Mr. Speaker. I therefore move:

That clause 5 of Bill C-66, An Act to amend the Excise Tax Act, be amended as follows: