

in regard to motor vehicles and tractors. When it was first introduced I remember the limitations and problems of administration that it engendered so far as tractors were concerned. It greatly affected people who had logging camps, and also owner farmers, particularly those farmers who used their farm tractors for short periods to assist in road building and other purposes for reward. This clause now leaves them open to levy of a sales tax on the tractor retroactively, based upon the original purchase price, not the value as at the time the infraction takes place.

We are now bringing aircraft into this category. I should like to know what kind of aircraft are purchased free of sales tax the use of which may be diverted or partly diverted during the first five years, or which may be sold for a different use.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, I can give the hon. member a whole list, anything from, say, a Beechcraft to a Cessna, the type of aircraft used for charter use and which goes over Victoria harbour from the Bayshore Hotel on a regular charter service. If that aircraft was sold for private use, it would no longer be exempt but would be eligible for the special sales tax of 10 per cent, or the standard sales tax of 12 per cent. This diversion is a lot easier to administer than the problem we had with the tractors because you do have the registry of the aircraft.

Mr. Munro (Esquimalt-Saanich): I understand that there is no intention of prorating this tax. It would be imposed at the time of importation on the original price of the imported product?

Mr. Turner (Ottawa-Carleton): Yes. Otherwise you are into an evaluation problem of depreciation and everything else.

Mr. Munro (Esquimalt-Saanich): Quite.

Mr. Firth: Madam Chairman, may I ask what is the intention of the minister in taxing a person who purchases an aircraft for private use? This is the guy who is going to get hit, the commercial operators such as flying clubs. Is the category of flight training included, or is such training exempt from the tax?

● (1710)

Mr. Turner (Ottawa-Carleton): Madam Chairman, the hon. gentleman is dealing with two separate taxes. He is dealing with the general sales tax of 12 per cent and the high energy surtax of 10 per cent. We are exempting a whole list of aircraft for commercial use from the general sales tax, as I just listed them, and they include those for chartered flights and for all regular flights of aircraft for hire. Any aircraft exempt from the general sales tax under the budget provisions is also exempt from the high energy tax. However, if the aircraft was sold out of commercial use into private use, the exemption either for general sales tax or high energy tax would no longer apply and would be recovered at the time of the sale on a commercial basis.

Mr. Firth: The reason I asked the question is that it is important for people in the flying industry to understand this fully. An individual is paying to learn to fly in order to be in a position to get a job on a commercial basis. He

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has an exemption in respect of the money paid for flying lessons. If you charge tax on flying clubs and in respect of certain people who purchase aircraft to learn how to fly, I do not think that is fair.

Mr. Turner (Ottawa-Carleton): Madam Speaker, every flying club gets two types of exemption. First of all, the flying club planes are exempt from the general sales tax, and the flying club is also exempt from the high energy tax. In addition, the person who takes flying lessons can deduct his tuition fees from his income, so he gets a good break.

Clauses 13 and 14 agreed to.

On clause 15—*Articles partially exempted.*

Mr. Wenman: Madam Chairman, I believe in respect of this clause the minister said he would give consideration to built-in fireplaces. I wonder if he would now care to comment on that matter.

Mr. Turner (Ottawa-Carleton): Yes, Madam Chairman. The reduced rate generally applies to materials that form a constituent part of the building. However, the government is prepared to review the question of providing a lower rate for free-standing fireplaces. Provision for a lower rate can be provided by regulation of the governor in council under section 24(1) of the schedule to the Excise Tax Act. We will take a look at it, on the basis of the argument the hon. member made on second reading, to see what we can do. We have the authority to do it, and we will take the argument into consideration.

Mr. Wenman: I want to thank the minister for that expression of opinion and I accept his undertaking. I might just add that free-standing fireplaces are hardly moveable items in buildings any more. They are very definitely part of the construction of the building.

Mr. Turner (Ottawa-Carleton): Just so the hon. member does not misunderstand me, let me say that I will take his argument into consideration. We have the authority to provide a lower rate, so he need not expect this to be in the legislation. We will look at his argument.

[Translation]

Mr. La Salle: Madam Chairman, I shall ask my question once more since we are now studying the clause in question. Earlier, I asked the minister what the review board would do, and what action the department will take to ensure that the reduction of the tax on building materials will benefit the consumers.

Mr. Turner (Ottawa-Carleton): Madam Chairman, this can be related to the experience that we had with children's clothing and footwear, when we established a monitoring system administered by the Department of Consumer and Corporate Affairs, which system showed a considerable reduction during the first six months, which was subsequently swallowed up by inflation.

As for the exemption from the sales tax granted in last year's budget for clothing and footwear in general, instead of only for children, which was finally approved on July 16, it is still too early to see concrete results, but my colleague, the Minister of Consumer and Corporate