

Excise Tax

increases that are responsible. The increases have not gone to Alberta or the companies, they have gone to this government.

Further on in his speech, the minister says that interest rates will continue to rise until demand weakens to the point at which a resistance to further price and cost increases begins to take hold. What kind of nonsense is that? The minister is in this House day after day boasting about how demand has increased in Canada over the last few months. He boasts about how in the first quarter of this year and the last quarter of last year we had an 8 per cent growth rate. This is how he answers questions when anyone questions him about the present state of the economy; he boasts about how demand has increased and how the economy has grown. Then in his speech he says that interest rates will rise until demand weakens. This is the "man" in the government who boasts about this growth in the last quarter of 1980 and the first quarter of 1981, and who is determined to keep on with higher interest rates until they stop that growth. He cannot have it both ways. He must stop talking nonsense and start telling the truth.

The minister went on in his speech to say that he will strongly resist demands for blanket protection which he continues to hear from the consumers. So be it, Mr. Speaker. We will see how long he keeps on that course. He looks to me now like a man who is weakening. He looks to me now like a man who is under very heavy pressure from the Liberal caucus because they can see their seats vanishing. They will not be back in this chamber in three or four years' time if they do not change the minister's talk about there being no blanket protection for Canadians who are suffering from these fantastic interest rates.

I want to pass on to another point which is in this bill, one which is not widely known, and that is the effect of this legislation on the fishermen of Newfoundland, Labrador and the Atlantic provinces. There is a clause in this bill which changes a whole pattern of conduct for the sale of fishing gear in the Atlantic provinces, in British Columbia and wherever there are commercial fishermen. I have a letter before me from the Bay Bulls Trading Company in St. John's West. It is dated February 17, 1981 and reads:

Dear Sir:

We have just been advised of the imposition of a 9 per cent federal sales tax on all fishing equipment.

Although gear supplied to fishermen by wholesalers or fish plants holding FST exemption licences is exempt—about 70 per cent of all inshore fishing gear in Newfoundland and Labrador is distributed through general retail stores without licences.

In other words, in Newfoundland in particular but also in Nova Scotia and other areas there are small stores scattered about the many small fishing communities which have for years sold fishing equipment to the commercial fishermen federal sales tax exempt. There is no federal sales tax charged to them on the equipment. They did not have to collect it from the fishermen and then try to obtain an exemption from the department. That involves immense paperwork. The author of the letter, Mr. Earle, who is an experienced man in Newfoundland, says in his letter:

Consequently, because Newfoundland inshore fishing equipment sales amount to approximately \$10 million per annum, one could expect \$7 million to be sold through these smaller outlets.

Because small stores have neither the staff nor the time to make rebate claims to the federal sales tax department on a continuous basis, they will mark up the gross cost, (cost plus FST) and fishermen in the future will pay not 9 per cent, but rather 11 per cent extra on 70 per cent of the fishing equipment purchased.

Mr. Earle concludes that Newfoundland fishermen will pay approximately \$770,000 additional in hidden taxes to the federal government through the change in this legislation every year.

What is the purpose of this, Mr. Speaker? We are told that the whole purpose of this provision is to stop some sports fishermen, or some people who are buying fishing equipment and who are not commercial fishermen, from receiving this exemption. Surely the amount of equipment which could be sold to people who are not commercial fishermen and not entitled to the exemption is minuscule. Perhaps it would amount to a few hundred thousand dollars, compared with the millions of dollars worth of equipment sold to commercial fishermen who will now be taxed because the people they deal with have not the facilities to obtain a federal sales tax licence exemption and have no facilities to handle the hundreds of requests they will have to make for exemptions when they sell equipment to Fisherman Brown, Fisherman Smith, Fisherman McGrath and fishermen of the various towns and communities of the Atlantic provinces and the west coast.

I brought this problem up with the minister. I have written to him about it and I have brought it up in committee. The only reason it has been suggested there should be this change is the reason I have given you, Mr. Speaker, which was the reason given by the minister in the committee. That is to say, to make sure that the exemption from federal sales tax for fishing gear is confined to genuine commercial fishermen. If the equipment is used for recreational fishing, most of that equipment should be taxable because no exemption is available for that type of equipment. So, Mr. Speaker, to try to close this little gap through which there is a small amount of tax exemption being claimed by people who should not have it, the government will make thousands upon thousands of commercial fishermen in Canada suffer, since they will be paying this 9 per cent federal sales tax even though they could claim an exemption were there provision for them to obtain such an exemption, and if the little stores they dealt with could hire the extra staff to master all the complexities of applying for hundreds of claims every year to obtain these exemptions.

The minister must have been anticipating my comments today since I received a letter from him today replying to my correspondence. The letter is dated May 19. I hope what he says in the letter will work out. He says that this is a complex problem. I agree. He says there is no easy solution. I agree. Then he says:

Nevertheless, I am informed that my colleague, the Hon. William Rompkey, Minister of Revenue, has developed new administrative procedures to resolve most of the difficulties described in your letter. First, goods which, by their design, are restricted to use solely in commercial fishing activities, for example, large nets, sinkers, floats, and metal panel opening devices, may be sold to dealers exempt of tax. Secondly, dealers will be allowed to purchase certain of