

Government Orders

More and more people will be encouraged to smoke. We already see this happening among our young people. For this reason we cannot support this reduction in the tax.

Because of this increase in smoking we will have long term health costs for Canadians which have not been factored in. The government should have done some planning in this regard, some investigation as to how this would affect our health care system. That is a priority with people. They have told us that above all else we should preserve our health care system. We should not cut back on costs and this will probably increase the costs rather than reduce them.

We should also have tried more aggressive enforcement measures. Seventy per cent of the cigarettes were brought in through the reserves. Maybe there was a way to address that problem.

We would have liked to have seen a new export tax on tobacco products tried before the lowering of taxes took place. We could probably have worked together with Americans in this regard but now they look at us and say: "The Canadians have reduced their taxes, so we don't have to increase ours. It doesn't work".

There will also be a problem between provinces. There is a smuggling problem between Canada and the United States and now we are going to have a smuggling problem among various provinces. How will that be addressed? What will happen in that regard? I realize some measures have been taken here to try to control that, but it could be a problem.

In February when Bill C-11 was introduced we pointed out that when the criminal element sees that the profit is no longer there for tobacco they will turn to other things. As my colleague has already admitted, they will probably begin importing alcohol and other things.

We support the imposition of the new excise tax on exported tobacco products. Senior officials informed us that before the tax changes were implemented, between 30 and 40 per cent of the total production of tobacco manufacturing in Canada was exported. The tobacco companies now agree that only 3 per cent was legally consumed in the United States. This shows the extent of the smuggling problem. It could have been controlled at this end before it even went to the states.

This law now allows tobacco manufacturers to export 3 per cent of their production tax exempt. Reformers believe that this new export tax should have been tried before lowering the tax.

The legislation implements measures to ensure that unmarked tobacco products sold to Indians on reserves in Ontario and Nova Scotia are taxed at the same rate as marked tobacco products sold in the two provinces.

Also retailers and wholesalers are owed an estimated \$150 million in rebates on excise taxes on tobacco products held in inventory when the excise tax was reduced. The minister cannot issue the rebate cheques until this legislation is passed. While we oppose the reduction in tobacco taxes, retailers are likely to get upset if we delay the bill. We do not want to hold it up for that reason.

Finally, Reformers support the adjustment to the fines for illegal possession or sale of unstamped tobacco products. We believe that those who are breaking our laws should be punished. We also support the health promotion surtax, an increase of 40 per cent of taxes paid on profits by the tobacco manufacturers. We feel this is a positive measure. On most of these measures we support the government. However, on the reduction of the tobacco tax we cannot support it.

The Deputy Speaker: Is the House ready for the question?

Some hon. members: Question.

The Deputy Speaker: Is it the pleasure of the House to adopt the motion?

Some hon. members: Agreed.

Some hon. members: On division.

(Motion agreed to, bill read the second time and referred to a committee.)

The Deputy Speaker: It being 6.30 p.m., pursuant to Standing Order 45(5)(a), the House will now proceed to the taking of the deferred divisions on the motions at report stage of Bill C-17, an act to amend certain statutes to implement certain provisions of the budget tabled in Parliament on February 22, 1994.

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BUDGET IMPLEMENTATION ACT

The House resumed consideration of Bill C-17, an act to amend certain statutes to implement certain provisions of the budget tabled in Parliament on February 22, 1994, as reported (without amendment) from the committee.

The Deputy Speaker: Call in the members.

•(1850)

And the bells having rung:

The Deputy Speaker: The first vote is on Motion No. 1. A vote on this motion also applies to Motions Nos. 2, 3, 5, 6, 7, 8, 9, 10 and 11. An affirmative vote on Motion No. 1 obviates the necessity of putting the question on Motion No. 4. If Motion No. 1 is negated Motion No. 4 will be voted on.

The question is on Motion No. 1.

(The House divided on the motion, which was negated on the following division:)