

Taxation

[Translation]

Mr. Bussières: Mr. Chairman, I know that the Minister of Agriculture has already raised with the Minister of Finance the concern stated by the hon. member. It is a special matter that will have to be considered. The problem could be solved either through the tax system or through the Department of Agriculture. However, the matter will have to be looked at very closely if we are to establish whether that sector is more penalized than others and to what extent a special compensation should be provided. I can assure the hon. member that his representations and those made by the Department of Agriculture will be carefully considered by the Minister of Finance.

[English]

Mr. Hargrave: Mr. Chairman, my third question is more general and relates to the cost of raising food. In Alberta there are 85,000 farmers, 80 per cent of whom now have natural gas as the result of a huge rural gasification program which was really quite an achievement on behalf of Alberta farmers. Those farmers are now, of course, subject to these natural gas taxes and they have had a significant impact on their cost of production. It is not only the cost of heating their farm homes, barns and that sort of thing, but more importantly it is what these taxes have done to the cost of commercial fertilizer. I am sure the minister is aware of that, and if he multiplies that situation by the thousands who use commercial fertilizers he will get an idea of what the added costs have been. More specifically, in southern Alberta natural gas has now become the most expensive form of energy for operating sprinkler irrigation systems, especially the automated pivots which will sprinkle an entire quarter section. All of this adds significantly to the cost of producing food.

I would like to ask the minister if he appreciates the reality of this situation and if there is any indication at all that the government will recognize in this bill, by way of amendment or otherwise, the high cost of natural gas used in the production of food.

[Translation]

Mr. Bussières: Mr. Chairman, the increase in energy costs as a factor in the cost of production of farm products and foodstuffs is consistent with the general increase in energy costs and thus contributes to the increase of that part of the food basket that is affected by this factor. Should a special tax system apply to regulate these cost factors when they increase because of a rise in energy costs? I suggest that if we replied affirmatively and provided the necessary amendments and adjustments in the taxation area for the production of energy and food, we would have to use the same mechanism to deal with other sectors also using natural gas and which could be affected. I am not saying that the problem does not exist, for it does exist. I am just saying that if we make adjustments in this sector, for that part of energy costs which is a factor in the production of food, we will have to make adjustments also for this factor in other areas of production, which would result in a

very complex tax system that would be very difficult to administer. However, the problem which the hon. member described does exist.

Mr. Chairman, while I am on my feet, I should like to remind the House that as a result of the discussion I had with the hon. member for Calgary Centre, it had been agreed that—

• (1740)

[English]

Mr. Huntington: They don't want it from the west, they want it from the south.

Mr. Bussières: I had the discussion with the hon. member for Calgary Centre regarding the amendment to Clause 7—

[Translation]

—in view of representations made in this debate on second reading as to the disposition of Clause 8 of the original bill, which has become Clause 7 of this bill, I should like to move an amendment and, instead of having a total maximum tax rate as provided by Clause 7 of the new bill, there would be a period of time equal to the duration of the agreement which we want to approve, there would be a maximum established in respect of each year for the various taxes. So, as this amendment appears in Clause 7, I ask that we deal first with Clauses 1, 2, 3, 4, 5, and 6, and when we reach Clause 7, I could read the amendment which, if I understand correctly, has been accepted by all hon. members.

[English]

The Assistant Deputy Chairman: The hon. member for Medicine Hat has a few moments left. I see the hon. member for Calgary South indicating that he wants to speak. He has been kind enough to advise the Chair that he may want to move certain of the clauses.

Mr. Hargrave: Mr. Chairman, I have two very quick questions. They relate to the oil and gas-well servicing industry which is so important to the town of Brooks and also to Medicine Hat in Alberta. That industry has had a terrible time as a result of the National Energy Program and that is well known. Is the government giving any consideration whatever to matching the recent proposal by the Alberta government which recognized what that particular servicing industry is going through? Is the government giving any consideration to that in light of the fact that all of these servicing industries are Canadian owned, small entrepreneurial type businesses and in many cases individually owned?

Is the government also giving any consideration to the situation with respect to the heavy crude, which is all through southwestern Saskatchewan and part also on the Suffield block, where these wells are pretty well all capped because it is uneconomic to produce and there is no upgrading station. Is there anything new on the question of an upgrading station which at one time had been planned in Saskatchewan?