

Is the House ready for the question?

Some Hon. Members: Question.

The Acting Speaker (Mr. Paproski): Mrs. McDougall, seconded by Mr. Hnatyshyn, moves that Bill C-17, an Act to amend the Excise Tax Act and the Excise Act, be now read the second time and referred to the Committee of the Whole. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Mr. Deans: On division.

● (1600)

Motion agreed to, Bill read the second time and the House went into Committee thereon, Mr. Paproski in the chair.

The Deputy Chairman: Order. House in Committee of the Whole on Bill C-17, an Act to amend the Excise Tax Act and the Excise Act. Shall Clause 1 carry?

On Clause 1—

Mr. Foster: Mr. Chairman, I know all Members of the House want to see these clauses in the Excise Tax Act for farmers, fishermen, loggers, and miners implemented. I have a couple of questions to which I hope the Minister can respond this afternoon.

These provisions were introduced to the House at a time when the petroleum compensation charge was increased to \$17.50 a cubic metre, or nearly \$3 a barrel. It is important to the farm community to know what the impact of the Excise Tax Act is when it is balanced off. Is the petroleum compensation charge refundable or not chargeable for farm operations?

The petroleum compensation charge of \$17.50 is chargeable for farm vehicles operating on the highways carrying produce, all produce, coming to and from the farm and for supplies coming to the farm. From the farmers' point of view, I would like to know what the balance is on input costs by removing the excise tax. We know in the Finance Minister's statement that an additional farm service charge of \$32.3 million will be imposed on farmers for inspection services and so on. The excise tax is going to be removed, but with regard to the imposition of the \$17.50 a cubic metre on all fuel being used by farm trucks and vehicles, for all supplies coming to the farm, including certain fertilizers which use petroleum feedstocks, what will the impact be of those two factors being balanced off? Does the farmer end up any better off? It is my understanding that the excise tax amounts to about a \$100 million reduction for the farmer. The petroleum compensation charge is not imposed on farm-use petroleum until 1987, and there are the farm service charges of \$32.3 million. There are the increased charges for the fuel used in farm vehicles on the highway carrying produce coming to and from the farm.

Can the Minister respond to that question? I think it is important for the farm community to know whether as a result of the economic statement of the Minister of Finance the input costs have really been reduced. I recall that when we were

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increasing the prices of petroleum by \$1 or \$2 a year back in the 1970s we used a factor of something like one-half of 1 per cent increased inflation for each dollar by which the price of a barrel of oil increased.

Can the Minister tell me what the factor is that is applied generally to the population by increasing that petroleum compensation charge by \$17.50 per cubic metre, which is roughly \$3 a barrel? What is the impact of that on inflation in the country and on economic growth? We are all concerned about economic growth. I am trying to find out exactly what the net effect for the individual farmer would be. I have another question, but I see the Minister looks puzzled so I will not put another question until she answers this one.

Mrs. McDougall: Mr. Chairman, the majority of the fuel that the farmers use will be subject to this rebate. I cannot be precise about figures because they will vary from one user to another, but most farm vehicle use is off-highway. The farmer should benefit greatly from this change. Farmers have told us that this will be the major part of their fuel use. They are quite satisfied with it.

Mr. Foster: Mr. Chairman, if the Minister does not have figures to indicate what the net effect is of increasing fuel prices on the highway on farmers in particular, could she say what the net inflation factor, which the Government calculated in preparing the economic statement, is of increasing the petroleum compensation charge by \$17.50 per cubic metre?

Can the Minister indicate what the net reduction will be on economic growth? Calculations must have been made on that. I think from that we could get some reading of what the increased inflation costs are for farmers, for their produce being shipped by trucks or whatever, by the level of the input costs of transportation to the farm. Can the Minister indicate the inflationary impact of the petroleum compensation charge and the economic growth reduction?

● (1610)

Mrs. McDougall: Mr. Chairman, the net impact or the balancing between the two is that the farmer, like other people, will pay 1.8 cents per litre for highway or at least non-defined use, but he gets a 4.8 cents break on his farm use. The balance is in his favour. To respond to the question about economic benefits on the fuel tax side, that will come from Energy, Mines and Resources. They will have done the economic impact work on this.

Mr. Foster: Mr. Chairman, I cannot believe that when the Department of Finance imposed a \$17.50 per cubic metre increase for every gallon of fuel consumed in this country, except fuel consumed by farmers, fishermen and miners, a calculation was not done as to what the inflation factor would be. That is clearly in the realm of the Minister of Finance. Sure the Minister of Finance is very concerned about what the inflationary impact will be on a fuel increase of that magnitude and what the drawdown will be on economic development. I am sure the Minister and her officials will have those figures at their fingertips. I hope she will be able to respond to