

Excise Tax

and many others. Quite frankly, it is difficult to understand the motivation across the aisle. I read with interest the justification presented by the Minister of Finance (Mr. MacEachen) as to why the government ignored all the briefs presented. On page after page the justification was that one proposal was silly and another inappropriate. It was suggested that a certain group had obviously not done its homework. The justification amounts to a very arrogant set of statements. It is a reflection of that attitude when we hear hon. members opposite shout "nay" to motions which any rational and sensible person would have to agree are certainly credible.

With that I will allow other colleagues to comment on this very crucial part of Bill C-57. We will have more to say about other motions when they come up after dinner.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, briefly with respect to the natural gas tax, this tax of 30 cents an Mcf now, another 15 cents to come due on July 1, another 15 cents on January 1 and another the following January 1, to run to a total of 75 cents per Mcf, is unrealistic and wrong.

First let me deal with the export tax feature. It was intended when the budget was introduced in October that we as Canadians would be able to raise our export price of natural gas by 30 cents an Mcf very quickly after the imposition of the tax and that by February we could do that so that in effect the foreign purchaser would be paying that 30 cents. What in fact has happened is that it has not been possible, and consequently the tax has come back on the producer of the gas.

With respect to the tax against the producers of the product, what we are really doing is taxing the producer, and taxing him almost on a royalty basis. Surely any royalty which is attributable to a natural product should be collected by a province. I am not saying for one moment that the federal government has no right to levy taxes, but the federal government's basic right to levy taxes on products is at the manufacturer's level. This tax is levied on virtually a raw product or an input, so it winds up being passed on and on.

For example, we do not charge tax on wood cut for pulp. We charge a sales tax on paper. The reason we do not charge a tax on the input is that we want to bring about further production and further improvement in the product. We do not want our tax at the initial level passed on and on in higher prices so that people must obtain markups on products, so we charge tax at the manufacturer's level.

This tax is bad because it attempts to tax natural gas and natural gas liquids. It does not tax on a separate basis the end product from the manufacturing use of natural gas. For example, if we are going to use natural gas for the manufacture of fertilizer, it is perfectly proper, if this government wants to tax fertilizer, to tax fertilizer by the pound or tonne or however it wants to tax it. If the government wants to do that, it can do so, but when it taxes fertilizer by taxing the input into a fertilizer plant, then it is doing it very indirectly. What it is doing is increasing the cost of the fertilizer to the consumer far beyond what it should really be. What we are really saying is that we are not concerned that the government levies taxes,

because government must levy taxes. We are not concerned that governments levy taxes on manufactured products, but surely this government should not levy taxes on the inputs into manufacturing. That is what the government is doing here.

Mr. Evans: How about labour?

Mr. Blenkarn: The government levies taxes on labour all the time. Every person who pays income tax is being taxed on his labour.

Mr. Evans: Is that not an input?

Mr. Blenkarn: What we should be doing is levying a tax on the product of the manufacturer so that if a person buys butane, for example, and makes something with it, the tax should be levied on that. That would be a proper tax. The government can raise the sales tax if it wants to do so on that type of product, but what we have here is a tax at the input level. Then there is a further tax at a later date. The trouble is that that tax becomes built into the system, and overhead, profit, and transportation costs are added to the tax levied on the raw product.

The tax is not just a tax of 30 cents an mcf or eventually 75 cents an mcf; it is a tax which has to be reflected in price, in interest costs and other costs, and those costs have to be passed on. This tax is on input; that will cause the end product to be much more expensive.

Certainly governments must obtain revenues, but surely this is not the way to levy a tax because this is the most inflationary way to do so. It is very damaging to our manufacturing industry to levy tax this way. It is not in the industrial interest of Canada.

If the government wants to tax consumers on the gas they use to heat their homes, then the government should deliberately say it is going to tax consumers on their heat. I suppose the government has a right to do that. I do not think that is the right thing to do in a cold climate, but that is the way it should be imposed.

The Acting Speaker (Mr. Blaker): Order, please. I have the impression the hon. member will want to use the remainder of the time available to him. If he does not mind, perhaps I should interrupt him, in view of the time, and he can continue his remarks later.

I must leave matters clear for the House at eight o'clock. The hon. member for Sarnia (Mr. Cullen) and the hon. member for Kamloops-Shuswap (Mr. Riis) have received a ruling from the Chair that they are entitled to yeas and nays on their respective motions Nos. 38 and 39.

If the hon. member for Mississauga South (Mr. Blenkarn) wishes to continue his remarks at eight o'clock, he will, of course, be recognized.

It being six o'clock I do now leave the chair until 8 p.m.

At 6 p.m. the House took recess.