

Excise Tax Act

exemptions, will receive the minister's approval. This is a very important and reasonable proposal concerning the well-being of the agricultural economy which would have a significant bearing on the finances of all those involved. I cannot stress too vehemently the merit of this amendment. I do not condemn the Minister of Finance for omitting dyed gasoline when the legislation was formulated because, being a resident of Ottawa and representing an urban riding, he might not be aware of the situation. While the minister has stated that there is no significant difference between imposing this gasoline tax on diesel fuel and imposing it on gasoline used for farming, I suggest there is.

I should like to refer to page 7132 of *Hansard*, where the following exchange took place between the minister and me:

MR. GORDON TOWERS (RED DEER): Mr. Speaker, I have a question for the Minister of Finance. Is it correct to assume that diesel fuel will not be treated in any way by the ten-cent tax on gasoline?

HON. JOHN N. TURNER (MINISTER OF FINANCE): Your people were right.

MR. TOWERS: Would the same answer hold true with regard to bulk sales of gasoline to farmers?

MR. TURNER (OTTAWA-CARLETON): If the fuel is being used for farm purposes, yes.

The difference lies in the fact that diesel fuel is in no way, shape or form affected, while purple gas, which the minister says is to be treated in the same way, is affected because it is included with gasoline, even though it is totally refundable. This means that the bulk dealer must pay the ten cents a gallon tax to the supplier, and the farmer is compelled to pay the tax to the bulk dealer and then make application to the federal government for total reimbursement. To me, this is a futile exercise which does not benefit anyone, yet creates a headache for bulk dealers and for farmers who must apply for total refund, and eventually for the government to administer the refunds without receiving one penny in tax. Today retailers and consumers have too many problems without having to bear another burden of extra financing and bookkeeping, leading to more frustration.

As I said earlier, I am not criticizing the Minister of Finance for not including this gasoline, because apparently he did not realize there was such an oversight. But I do blame the supposed great champion of the farmers, the Minister of Agriculture, and the minister in charge of the Canadian Wheat Board who, if they are to be classed as responsible ministers competently representing producers of agricultural products, should be aware of this fact. I also place blame on the Liberal backbenchers because they failed to bring up this point. The hon. member for Scarborough West said that government backbenchers are 100 per cent behind this tax. This can only mean that the backbenchers, along with the two ministers just mentioned, either do not care about what is happening or they do not know, or both.

● (1250)

I have discussed the ten cents a gallon tax with several bulk dealers in my constituency, one of whom handles approximately 600,000 gallons of gas per year. He will have to provide an additional \$60,000 to finance his operation. Another dealer sells about 1,200,000 gallons, which will result in a pay out of \$120,000 extra during the year. I also

spoke to the manager of a small, totally Canadian-owned oil company with a business amounting to \$750,000 per year. He explained to me that he does not make a big profit, that his finances are limited and that this tax will place a severe strain on his company because most of the bulk dealers are compelled to extend credit; if they run into bad debts, not only do they lose the value of the product but the total tax as well.

In view of the fact that there are about 326,804,000 gallons within this category of marked or dyed gasoline, representing in the vicinity of \$33 million in additional financing without one dollar being returned to the federal treasury, does this not prove my point? I should explain at this time that the figures I am using are the latest available from Statistics Canada. They are for the year 1973, and I presume the figures for the current year would be higher.

This manoeuvre is completely senseless if the bill is not amended. It is unacceptable, and it will be inflationary. While I know that some of this turnover will be on a monthly basis and part yearly, this extra cost can only add to the inflation factor. In view of the fact that this tax has a direct effect on all the western provinces, Nova Scotia and Prince Edward Island which have marked gas, could the minister not make provision to include the other provinces so that all gas used for agricultural and industrial purposes would be exempt from this tax entirely?

I certainly hope the Minister of Finance will accept this amendment. I know that the hon. member for Vegreville will make some supporting remarks, and perhaps others from our side. I trust that the minister will listen to them to ensure that this gross error is corrected. The amendment I would like to propose at this time is couched in the terminology of the act as implemented by the statutes of the province of Alberta. I move:

That Bill C-66, to amend the Excise Tax Act, be amended in clause 1 by deleting line 10 on page 1 thereof and substituting therefor the following:

"other than aircraft engines, but does not include any fuel oil which has been marked by any dye, agent or other substance under the authority of a provincial statute.

Mr. Peters: Madam Chairman, the hon. member, in moving his motion, referred, if I am correct, to aircraft engines and marked fuels. If that is correct, there is a new dimension which I wish to bring to the attention of the minister because I presume he has overlooked much of the travel that is done on highways by diesel-driven vehicles.

Mr. Turner (Ottawa-Carleton): Diesel fuel is not included.

Mr. Peters: As I understand it, the amendment has added other fuels and I suggest that we are giving an unfair advantage to Peugeots and Mercedes, both of which are operating now with a ten-cent federal sales tax at the pump. If we only use the word "gasoline" in this amendment we are including a new category. I am not in the least opposed to exempting marked gasoline because I am sure all the provinces accept and understand its exemption, but I would ask the minister if he will also give consideration to extending the definition to diesel fuel used for highway purposes.

Madam Chairman, may I call it one o'clock?