

*Excise Tax*

elements of Bill C-57 as well as the fuel alcohol amendments. For us to rush this through, have a vote and then an abbreviated third reading consideration tomorrow is entirely inappropriate to the importance and impact this legislation will have in this country. It is a sad day for Parliament and this country that these very important elements of the government's energy program will be rushed through without proper consideration.

In Bill C-57—I am addressing the natural gas tax but my remarks also apply to the production tax—the government has put forward the most important legislative elements in its National Energy Program. They are the elements which have the most immediate impact in that the taxes will be felt right away. But they are also those elements which will have the most far reaching and long-lasting impact since the taxes levied as a result of Bill C-57 will cause action to be taken over the next one, two or five years that will affect us for years and years from now.

We had in committee a very abbreviated consideration of this legislation. We had witnesses covering all aspects of the bill, but the government would not allow it to be considered by the Standing Committee on National Resources and Public Works where the oil and natural gas elements should have been considered.

When we look at the very short consideration, the report stage here and third reading tomorrow, it is shocking to consider what we are doing in such a short period of time. I have to wonder why the government is rushing these things through so quickly, particularly when one considers that the natural gas tax has been declared unconstitutional by the Alberta Court of Appeal. Just yesterday the Supreme Court of Canada heard arguments as to whether that ruling should be upheld.

This tax is obviously the most odious part of the whole energy program as far as Alberta is concerned, because it is the one tax they took to their Court of Appeal and which is now in the Supreme Court. They have opposed it right from the start of negotiations between the two levels of government, and to force closure at a very sensitive part in the negotiations to me is totally wrong and insensitive to the considerations of the various participants in those negotiations.

● (1650)

The excise tax on natural gas represents a triple whammy on natural gas producers in this country. Later today we will be considering the PGRT, the production tax. The natural gas tax itself, together with the fact that prices for natural gas at the wellhead will not increase over 1981, represents a compounded three-way penalty on Canadian gas producers. It will set back production as well as exploration of natural gas for a number of years.

Prior to the issuance of the Liberal energy program, we heard about the severe cash flow problems many gas producers were facing. Today we are discovering that wells will be shut in for five to six years from now. The federal government price policy has priced Canadian natural gas out of the United States market. The result is that gas discoveries today are

treated with a shrug of the shoulders. Companies really do not want them, but they are making discoveries because there are ample amounts of natural gas in Canada.

The excise tax has been called by most observers an export tax as it relates to sales to the United States. The Alberta Court of Appeal has ruled in favour of that, and its constitutionality is now being considered by the Supreme Court of Canada. It is an important factor in the deadlock between Alberta and the federal government which has resulted in many of the adverse reactions of the province of Alberta to the Liberal energy program.

When one sits back and wonders whether it is a fair tax, one must ask what other forms of energy are being exported. If a tax is to be put on the export of natural gas, why is it not put on the export of electricity, which amounts to approximately \$1 billion a year, or on the export of coal and uranium? These are all forms of energy which are being exported, yet only one element is being singled out. One must question the objective approach of the government toward taxation in order to assess whether it is an appropriate tax. If it is the only source of energy which is being taxed at the border, it is not equitable. This is why we are proposing a deletion of this tax in its entirety.

The government has indicated that it will steamroll ahead and force this tax through by the use of closure. Then I must ask myself where the government has been over the last three or four months when people came forward with suggestions on amendments. For example, the co-operative gas association of Alberta indicated that it did not receive the moneys on the sale of gas in Alberta for 45 or 60 days. The association asked the government if the payment period could be extended from 30 days to 90 days, but there was no response. The government has not paid any attention to the fact that this is causing a cash flow problem for that important element of the gas distribution system in Canada, particularly the critical element of it in the province of Alberta.

Other people have suggested that the new tax should not apply on natural gas used in the food producing industry, particularly in the manufacture of fertilizers. I hope the minister of state will respond to these questions. Why has the government not put forward an amendment to exempt natural gas used in the manufacture of fertilizers? It would keep food prices down and lower the costs of farmers in the production of food.

Inflation is running at 12 per cent to 13 per cent, food prices are in excess of that, and fertilizers are a very important element in the production of food, yet no consideration is given to the very important request to remove the excise tax. It is another illustration of the insensitivity of the government in the whole battle against inflation. The government is much more the cause of inflation, this is becoming clearer every day.

Another result of this gas tax is that the exploration budgets of gas producers have been chopped by 30 per cent and, in some cases, by as much as 40 per cent. It is not only the gas tax, it is the pricing policy of the government for natural gas, as well as the impact of the production tax. The only element