

FISHERIES—INQUIRY WHETHER CATCH ROYALTY OR LANDING TAX WILL BE IMPOSED

**Mr. Thomas Siddon (Richmond-South Delta):** Mr. Speaker, at the beginning of this Thirty-second Parliament, the government promised as recorded in the Speech from the Throne at page 6 of *Hansard* that—legislation will be introduced to guarantee adequate investment in the fishing sector through partial cost recovery and reinvestment of enhanced earnings.

On May 8, 1980, arising out of that reference in the Speech from the Throne, I addressed questions to the hon. Minister of Fisheries and Oceans (Mr. LeBlanc) seeking further clarification of this reference in the throne speech which implied that another form of supplementary tax would be imposed upon the west coast fishermen of Canada in particular. This tax, sometimes referred to as a resource rent or a landing charge, would be used perhaps—although the minister has not made it clear—to finance the cost of the salmon enhancement program, primarily focusing on the Fraser River and other coastal waters. But as far as my understanding of the attitude within the fisheries department is concerned, this tax might also be used to finance the general management expenses of the federal Department of Fisheries and Oceans.

The west coast fishing industry is worth some \$300 million annually, at least it was up until last year, which was a very poor year, and the administration of that fishery by the officials in British Columbia is costing some \$35 million a year or one-tenth of the landed value of the catch.

It is common knowledge that the officials within the Department of Fisheries and Oceans have been contemplating the imposition of this form of income tax surcharge for several years. They have been thinking about a tax in the magnitude of 10 per cent of the value of the fish caught. If the value of the landed fish is in the order of \$300 million, it would suggest a windfall tax to the government of some \$30 million, which almost equals the total operating budget of the federal Department of Fisheries and Oceans on the Pacific coast.

It is a common attitude within the Department of Fisheries to consider that fishermen are making windfall profits—that is the language used by some officials of that department—and that we need to generate more revenue to manage the resource by skimming off some of these windfall profits which would presumably result from the Salmonid Enhancement Program and rising fish prices. The minister ought to try telling that to a west coast fisherman these days. I have information that in the recent weeks, as a consequence of ineffective management policies of the federal department and collapsing price structures worldwide, there have been 62 bankruptcies or near bankruptcies of vessel owners on the Pacific coast registered with the Royal Bank alone.

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The whole notion of a landings tax is predicated on the concept that there is some cushion or some windfall profit which is just ripe to be skimmed off by government bureaucrats. They like any program which will enable them to do that, even if it means the average little guy out there in his gill

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net boat or troller will be faced with virtual bankruptcy when he comes to shore because of the impact of that tax.

The notion of a resource rent or landing tax was first proposed by a gentleman named Sol Sinclair, who was retained by the federal government almost four years ago to come up with certain options for improving the management of the west coast fishery. From three options, the option of controlling and regulating the resource through licensing, controlling it through quotas or controlling it by establishing a tax charged against the value of the resource, Mr. Sinclair proposed that the landings tax or royalty approach be developed.

That has been the guiding light and the guiding star for the Department of Fisheries and Oceans ever since in holding the idea of this tax over the heads of the fishermen but not really coming down to talking about how big this tax would be, how the revenues would be used and to what extent the fishermen themselves would have some say in the spending of those revenues and the investing of those revenues in their own best interests through some board of trustees and through the deposit of these funds in some clearly identified trust account. It is common knowledge that government departments fear and are very reluctant to contemplate the establishment of special trust accounts for special purposes. They would prefer to throw money, taxes and surtaxes into general revenues and then spend them as they see best fit. In this case such an approach to the administration of such a landings tax would be very improper and unacceptable to the fishermen.

Those who have taken the time to read his report will know that Mr. Sinclair did a survey of fishermen, and this is recorded in the appendix to the Sol Sinclair report. He found that a majority of fishermen oppose the notion of implementing a landings tax to finance even the Salmonid Enhancement Program.

In a random sample of some 33 fishermen only 11 favoured a royalty and some 19 opposed the imposition of a catch royalty. In addition, many fishermen argued as follows, and I am quoting from a statement by a spokesman for the Prince Rupert Fish Exchange:

It can also be argued that salmon enhancement will benefit all Canadians by increased general taxation, creating more employment and in general improving the economic situation in Canada. Many government subsidized plans have been put into effect in the prairies for the farmers and the east coast for the fisheries. We do not know of any pay back or cost sharing and would think that expecting a cost recovery from the enhancement plan is a bit unfair.

It is the general view of fishermen on the west coast that this tax is very unfair.

**The Acting Speaker (Mr. Blaker):** Order, please. Seven minutes and three minutes, not more. The Parliamentary Secretary to the Minister of National Defence (Mrs. Appoloni) for not more than three minutes.

**Mrs. Ursula Appoloni (Parliamentary Secretary to Minister of National Defence):** Mr. Speaker, I will try to speak quickly.