fied as "small manufacturers" with no restrictions as to sales volume, and thus the products of these Canadian craftsmen will also be exempt from sales tax.

"Small manufacturers" as a class are exempt from paying sales and excise tax on the sale price of their finished products; however, tax remains applicable to raw materials, components and equipment used in their manufacturing operations, so that it is only the value added by the "small manufacturers" which escapes sales and excise taxes. The Minister of National Revenue emphasized that the regulations will be amended as soon as the broader statutory authority proposed in the budget regulations is enacted.

The basic rationale of the "small manufacturers" provision is administrative feasibility, as the revenue generated by these firms would not cover the costs incurred in ensuring compliance. To ensure that they pay at least a part of their fair share of the tax burden they are required to pay tax on their inputs. Paying on inputs also mitigates to some extent the disparity in tax burden between those firms who are relieved of the obligation to pay tax on their sales and small manufacturers and others who are denied that privilege because their sales volume exceeds the limit.

With regard to other sales tax measures in Bill C-54, these changes are designed to extend sales tax relief to certain users of products such as additional aids to the handicapped, or to eliminate loopholes and anomalies in existing statutory provisions. All of them are relatively minor in nature.

Bill C-54 also provides for the extension of the Canadian air transportation tax to apply to tickets purchased outside of Canada for air transportation involving a departure from a Canadian airport for a destination outside of Canada. Honourable senators will recall that the government announced its intention to extend this tax in the budget of May 25, 1976. This measure, to become effective November 1, 1977, provides that the approximately 2.3 million air travellers who purchase their tickets outside of Canada will be taxed in a manner which closely parallels the system in effect for Canadians, and thus will ensure that foreign travellers who use Canadian airports will contribute their fair share to the costs of Canadian airport facilities.

Honourable senators, that concludes my remarks on Bill C-54, although I shall be happy to answer any questions to the best of my ability. It is hardly necessary for me to add that this bill, if it receives second reading, should be referred to the Banking, Trade and Commerce Committee.

On motion of Senator Macdonald, debate adjourned.

• (1440)

## PETROLEUM CORPORATIONS MONITORING BILL

### SECOND READING—DEBATE CONTINUED

The Senate resumed from Wednesday, May 18, the debate on the motion of Senator Barrow for the second reading of Bill S-4, to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada.

**Hon. Allister Grosart:** Honourable senators, it is not by my choice that I am speaking to you a second time today on a bill. That is just the way the wheel turns.

The bill before us originates in the Senate. It is entitled "An Act to require the reporting of certain financial and other statistics relating to the affairs of designated petroleum companies carrying on business in Canada".

This, again, to some extent, is a unique bill. It may well be breaking new ground in the whole area of government intervention in the private sector. It is somewhat unique in that it is a bill originating in the Senate, and for that reason, it would seem to me to require thorough scrutiny by the Senate of both its purpose and the implications of its stated purposes.

As Senator Barrow said in his introduction, it concerns a matter of the utmost importance to Canadians. That, of course, is the conservation of energy and the search for further energy sources in Canada. However, it is my opinion that the Senate requires a great deal more information about this bill than it has so far. Normally, with respect to a bill of this kind, we would have had an explanation by the minister, and the bill would have gone to committee in the other place and been thoroughly scrutinized. In view of the far-reaching implications of this bill, it is important that we have a good deal more information than has been provided to us. In making that statement I am not criticizing Senator Barrow because I think it is fair to say that he has provided us with the information that was available to him, and, perhaps it is also fair to say, the information which the minister and his officials thought would be enough, or at least necessary, for the Senate. I do not suggest there is an attempt to sneak this bill through, but I do suggest that it deserves very careful scrutiny by the Senate, and that we require much more information than we have at the present time.

I have said that this bill may be breaking new ground. Its purpose is to require a list of existing companies in the oil exploration business to make certain facts and figures available to the Minister of Energy, Mines and Resources which are not required by statute of other corporations—any other corporations, as far as I know—except under the Income Tax Act. In effect, this bill would provide very extensive powers to the minister—powers that are not now available to Revenue Canada—in cases of suspected evasions. As far as the government is concerned, the purpose is clearly stated as follows:

> 2. The purpose of this Act is to provide legislative authority for the collection of certain statistics relating to Canada's petroleum industry in order to
>
> (a) enable the Government of Canada to better plan and develop policies for the management of Canada's energy supplies and resources; and
>
> (b) provide the Government of Canada with the detailed knowledge necessary to give authoritative assurances to the Canadian people that those policies are being effectively pursued in Canada.

I am certain no one will object to the government's saying that we need all the information we can get about what is