

*Excise Tax Act*

tion or a tax credit which would take into account some kind of average which most working men could relate to, so that there would be an exemption or compensation in respect of a certain portion of usage? This could be accomplished through a credit to income tax in the same way as a tax credit or exemption is now provided in respect of articles used in the course of employment.

The minister said in reply to an earlier question that not everyone drives a car. While that is true, there are very few families in this country who do not require a car for purposes of employment, even in the built-up city areas. It may be that not everyone does drive a car, but I am sure the figures would indicate that the overwhelming majority of Canadians do use cars in some way in respect of their employment. I am sure that people on unemployment insurance will argue the same point of view, that they have to drive 30 or 40 miles to the unemployment insurance office. They are expected to provide their own transportation or they will be cut off from benefits.

I would like to ask the minister this direct question. He has brought in a tax that even he will agree is regressive, just as every sales tax by its very nature is regressive. Why did he not provide some compensation based on income, and on the understanding that the car or the use thereof is not totally discretionary, but is required at least in part in most people's employment?

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, when looking at the means of financing what the hon. gentleman has conceded to be a deficit in the oil account, as between the export tax on the one hand and the import subsidy on the other, which is running now somewhere between \$400 million and \$600 million, and looking at the alternatives, we felt the fair way was to tax the user of that gasoline, particularly personal use of automobiles. This was felt to be the fair way of financing the national oil price and maintaining the price for home heating oil, as well as the price for commercial and industrial uses, at \$8. Obviously this hurts some users more than others, but I was concerned about progressivity, which is the reason we restored part of the reduction in the tax on incomes above \$25,000, adding back \$250 at that level in order to add some progressivity to the total line.

● (1530)

I just say to the hon. gentleman that until we return to some style of self-sufficiency in respect of energy, particularly oil and gas, in this country in an energy-short world there will have to be some adjustment in the way we transport ourselves, and some adjustment in the way we live.

**Mr. Saltzman:** Mr. Chairman, I do not disagree with the minister on the need to make that adjustment, but the minister really is suggesting that people have this kind of choice and can in effect make this adjustment. We make the argument that many people, even if they should agree with the need for conservation, very often are the low income people who do not have a choice. All we ask the minister is that he make an adjustment in the tax, or make an adjustment in the whole income tax picture, to find some kind of compensation to offset the regressiveness

[Mr. Saltzman.]

and lack of discretion which exist for many people regarding the use of gasoline.

**Mr. Rodriguez:** Mr. Chairman, the minister in his budget said that one of the reasons for the imposition of this ten cents excise tax is so that people would be more careful in the way they consumed energy, particularly gasoline. He also mentioned that the purpose of the ten cents excise tax is to compensate the east coast for the shortfall. Now, suppose—and I am sure the minister must have considered this—people were indeed very careful in the use of petroleum and he was not able to raise the \$350 million this year, or the projected \$500 million, would the minister tell us in what other ways he would make up the difference if there should be a shortfall in respect of the amount needed?

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, as estimated by the hon. member's colleague, the hon. member for Waterloo-Cambridge, the shortfall in the oil account, that is, the difference between the export tax revenue and the import tax subsidies, will be roughly, in this fiscal year, between \$400 million and \$600 million. We can add to that an additional charge to the federal treasury of about \$200 million as a result of equalization resulting from one third of the additional proposed gas revenues that are attached to the equalization account.

Over a full year the revenue from the excise tax at the ten cents a gallon on gasoline is estimated to be roughly \$525 million. Now, if consumption is less, and therefore revenue from the excise tax is less what will happen at the same time is that the import of gasoline obviously will be less so that there will be less of a deficit in the oil account.

**Mr. Rodriguez:** Mr. Chairman, I want to come to the issue raised by myself and colleagues in this party, as well as by others, of the inconvenience this places on those workers who are not doctors, lawyers, or sales persons. I should like to ask a question about the steel workers at the Shebandowin mine, a mine owned by the International Nickel Company, which is located 60 miles from the Lakehead. These workers have no place to live at the mine. The company will not build a company town so the workers cannot live at the minesite and therefore must commute daily. Since they are in the second year of a three year contract this has created some difficulty for them because they are faced with an unexpected charge against their family budgets. Is the minister prepared to assist the workers at Shebandowin or any other workers in a similar situation?

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, for reasons set out earlier there is no way we can fairly judge as between locations of people and jobs.

**Mr. Rodriguez:** I may say for the information of the minister that the company has a check-off list of workers at the Shebandowin mine. Surely it should not be beyond the capacity of the bureaucracy to determine who must drive and has the right to use a car. Surely it is not beyond the ability or the intelligence of the government to work out a system to take care of these workers. Is the minister telling me it is impossible for the bureaucracy to work out a system?