

simple and obvious that it should appeal to the good sense of all hon. members, particularly my friends on the government side. I hope the minister will now rise and tell us he accepts this amendment or else try to give us some reasons for not accepting it.

**Mr. Schellenberger:** Madam Chairman, while not wanting to repeat all the good and valid arguments that had been made in favour of the amendment, which I have the honour to second, I should like to bring forward one added comment that I think the minister should take into consideration in accepting this amendment. It is that this tax will place an extra burden on farmers during two seasons in their working year which already place a burden on them, that is in the spring and in the fall.

When you look at the statistics, you find that every person who lives on acreages of land suitable for farming, and whose income is higher than \$50, is considered to be a farmer. If you divide that figure into the 326 million gallons of purple gas used, you find that each farmer has only 1,000 gallons. But the situation is that a farmer who is really in the business of agriculture has a much higher income than \$50 a year, and as a result this burden of ten cents a gallon on his agricultural fuel costs will be a significant increase, especially in the spring and fall.

I might add that farmers are already burdened with interest on their credit of some \$1,500 a year. If we add the interest that they may have to pay in extra working capital to satisfy the extra cost of gasoline, that figure may escalate more and place an extra burden on people who already have a difficult time. I support the amendment on behalf of farmers and bulk dealers.

● (1500)

**Mr. Knowles (Winnipeg North Centre):** Say yes.

**Mr. Turner (Ottawa-Carleton):** Madam Chairman, I have to be very careful about how I respond to proposed amendments. I do not want to convert the committee into a whole group of insiders.

**Some hon. Members:** Hear, hear!

**Mr. Turner (Ottawa-Carleton):** Our problem is that only eight of the provinces utilize marked gasoline. If this amendment were accepted there would be an exemption for such gasoline in eight provinces and not in two others. Therefore a federal tax in its operation would be discriminatory as among various provinces. We have always tried to arrange a tax which has equal application all across the country. If the bill is accepted by this committee and goes through parliament, that does not preclude our attempting to see what we can do and whether we can get some uniformity. I do not exclude that. I am just saying that in the current situation we have this problem.

I understand the force of the amendment; the approach illustrated in the amendment would mean that exemptions from a federal tax would be dependent upon provincial legislation. Provincial legislation is not necessarily uniform among the provinces. Of course that legislation can be changed at any time unilaterally by the provinces.

This is the same situation which dictated my having to change our approach on the characterization of equaliza-

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tion as it related to additional revenues from oil and gas. Originally we had proposed that if the producing provinces of Alberta, Saskatchewan, and British Columbia were to put the revenues into a capital fund, we could exclude those additional revenues. It became quite apparent to the federal government and the other provinces that this would really put the equalization formula at the mercy or at the unilateral discretion of the producing provinces, or particular provinces, so we had to come back to the House to ask for a federal uniform statute. The same situation prevails here.

In addition, the effective control of the exemption would be transferred to a very considerable number of distributors of coloured gasoline, and we would have lost the potential for direct control by means of audited refund claims to assure the gasoline was used for exempt purposes. The Department of National Revenue would lose that control.

We are continuing to look for more streamlined ways of administering this tax, but it does demand some uniformity on the part of the provinces, and further consultation.

**Mr. Mazankowski:** The minister seems half receptive to the proposal put forward by the hon. member for Red Deer. Will the minister give an undertaking to the House that he will establish ways and means to provide for exemptions at the point of sale, particularly for gasoline used for agriculture or farm purposes, and perhaps for commercial purposes in bulk tank wagon lots? Does the bill provide sufficient latitude for the minister to allow for such a provision to facilitate a more streamlined, economical, and efficient method of administration?

**Mr. Turner (Ottawa-Carleton):** We have a wholesale tax here and it is difficult to transfer it up to the retail level, even for bulk sales at the wholesale level, but then I would be in the position of recommending exemptions for large purchasers to the detriment in egalitarian terms of the average small purchaser in the country. But I do give the undertaking that we will be looking for ways to streamline the operation of the bill as we see it in operation, and I have already made comments in that respect.

**Mr. Benjamin:** Mr. Chairman, the minister lost me there, and I am quite prepared to admit that it is my fault. When he talks about the provinces and that one or more provinces may take unilateral action at any given time in terms of their law as to exemptions, whether for farmers of any other group within provincial jurisdiction, from gasoline tax, I do not see how that interferes with what this legislation does. Let us suppose for a moment that the province of Alberta decided no longer to allow farmers to use tax free purple gas. Under this legislation it seems to me that the twenty refiners, thirteen importers, etcetera, automatically then charge the ten cents per gallon excise tax, so that any province which unilaterally changes its own law will not inhibit or complicate the objectives of the Minister of Finance and the Minister of National Revenue in terms of collecting the ten cents per gallon. I just do not see how the argument of the minister holds water.

Second, the minister is still overlooking the main point. He is already exempting farmers and fishermen. Why go