

Excise Tax

interested in is collecting the money and devil take the hindmost.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I would like to make a very short intervention on motion No. 36 which deletes clause 43 providing for the natural gas and gas liquids tax. I will raise just two points, the impact of this gas on my home city of Medicine Hat, and some comments to add to what we have heard about the implications of this tax on rural Alberta, in fact the effect of the tax on every farmer who uses either natural gas or fertilizer. There is an incredible impact on that group.

This is one of the two natural gas taxes that is unfair and unreasonable to my home city of Medicine Hat. As a modern city of 40,000 today, it owes its very beginning of almost 100 years ago to the discovery, development and use of natural gas. Medicine Hat is probably the only city in Canada that had the good sense and farsightedness to develop its own public utilities, and that includes the development of electrical power.

I remind the Minister of State for Finance (Mr. Bussi eres) of the very reasonable brief presented to the committee by Mayor Ted Grimm and Alderman Dr. Ken Sauer of Medicine Hat on the implications of these two taxes, especially this one, on our city. They pointed out quite properly that there is no precedent for such a tax on a city-owned public utility.

This specific tax has amounted to approximately \$3 million since being implemented. It has been paid monthly by the city, but under protest. The mayor and city council take the view that the city is not liable for this tax.

I want to refer very briefly to the government's appraisal of the city council's presentation to the committee. It reads:

Exempting the city of Medicine Hat would set a precedent for exempting all other public utilities such as B.C. Hydro and Saskatchewan Power Corporation. This would severely restrict the general application of the tax.

That was the government's appraisal on the city's presentation. I submit it would not set a precedent since B.C. Hydro and Saskatchewan Power are not a separately owned city utility or anything like it. That is a rather ridiculous comment to make about a reasonable presentation that came before the committee.

I want to make a few comments on the impact of this tax on rural Alberta or, essentially, on the farmers there. I remind the House, especially the minister, of the appearance before the committee of the members of the Federation of Alberta Gas Co-ops and their concern about the immediate and very severe increase in fertilizer costs since the manufacture of most fertilizers involves natural gas. They pointed out quite properly that the end result of this is to add significantly to food cost production, which is so important these days. They also made a very reasonable request for an extra 60 days to pay the tax. I again refer to the government's appraisal comments on this request which was referred to by two other members. It reads:

While it is easy to sympathize with this request, other taxpayers could also make similar claims. For example, gas distributors often receive gas during the summer on which tax is paid and then store it for later distribution to consumers. To extend the time of payment for the tax for all taxpayers would be costly in terms of lost revenue.

I suggest with the greatest respect that no revenue would be lost by extending the time. It would extend the time for the beginning. After that, the regular income would come to the government. It is as simple as that. Again I quote from the appraisal as follows:

Given that the federal tax is not imposed at the retail level, it is not possible to match the timing of the tax remittance with the actual receipt from the final consumer. The average 45 day lag in remittance has generally been found acceptable by the business community for federal sales tax purposes.

I should add that rural gas co-operatives and rural gas users do not store gas before they use it. It comes in through an enormous gas distribution system where it is flowing all the time. They use it constantly. The appraisal comments of the government on this request, which is very reasonable, entirely miss the boat. I urge the Minister of State for Finance to reconsider this.

Finally, I want to make a brief additional comment about the Federation of Gas Co-ops presentation. They pointed out that this particular tax and the PGRT work against the National Energy Program and the gas conversion proposal which is now being implemented, if only because the government is increasing the price of gas at the very beginning. Surely this is not the way to go about promoting an otherwise commendable part of that program to convert to natural gas. If you are going to boost the gas by two taxes before it ever gets into the pipeline, I think you are making this all the more difficult to begin with, and that is not the way to promote an otherwise commendable policy.

• (1740)

I should like to close by reminding the House of the very generous offer made by the Federal Gas Co-ops in Alberta to assist other provinces in the conversion, in the rural areas especially, as a result of their experience in providing gas to over 80 per cent of farm users in Alberta. They made a very generous offer and I think they should be commended for that very worthy gesture.

While I appreciate the fact that the Minister of State for Finance is in his place participating, I would ask where the Minister of Energy, Mines and Resources (Mr. Lalonde) is. His absence is conspicuous. This is the time of the debate, when we are down to the final stages, when he of all people should be in the House to hear the debate.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I too take a great deal of pleasure in rising to speak to this collection of motions and once again register for our party virtually the rage we are feeling when discussing these kinds of problems. What motivates that, Mr. Speaker, is that I recall very vividly the two groups that appeared before the finance committee, chaired by a most able chairman who stood out in my mind as being serious and having spent a great deal of time and effort preparing thoughtful briefs. They presented briefs in a very positive and, I would say, somewhat optimistic way. Those representatives were from the city of Medicine Hat, referred to by the hon. member for Medicine Hat (Mr. Hargrave), and the natural gas co-ops from Alberta.