

*Taxation*

which adversely affects every resident of western Canada, and increasingly Ontario and Quebec, who must consume natural gas or would prefer to consume natural gas as an alternative to oil.

• (1710)

This tax against consumers, Mr. Chairman, is in no way compensated for by the indexation of pension benefits and the guaranteed income supplement increases that the Minister of State for Finance referred to earlier. In fact, this is a quantum jump in the tax bills of the residents of western Canada and also of the residents of central Canada.

I asked the Minister of Finance on October 31, 1980, in this House whether he did not feel that this tax was discriminatory in any way because of the way it impacted the residents of certain provinces. The Minister of Finance responded as follows:

—the increased tax is in lieu of an increase in price which is not to take place and that the increases in gas prices that will take place over the next several years will be lower than those projected in the December budget.

I would like the Minister of State for Finance to clarify that. Does he not agree that this natural gas tax is discriminatory against people who have had to convert and have found it very convenient to convert to natural gas? Does he not agree that it provides a disincentive for conversion to tax all of the ratepayers and taxpayers of Canada, including the old age pensioners, the widows and the disabled, at amounts which in the first year approached \$100 for one heating season and which now amount to an increase of something of the order of \$300 or \$400 a season? Is this not discriminatory against home owners who must use natural gas? Is this not inflationary? And how does he justify this substantial increase in home-heating costs, given that the Minister of Finance said that this tax is in lieu of an increase in price?

[*Translation*]

**Mr. Bussières:** Mr. Chairman, I do not believe the natural gas tax is discriminatory. In order to dispel the notion that it is, one must realize that the tax applies to natural gas right across Canada. It does not apply to one area only, but throughout Canada, so that natural gas users pay the tax no matter where they are located geographically. I should also like to point out to the hon. member that the tax has a redeeming feature in that, because of the price scales, natural gas will always cost 65 per cent less than oil, and therefore will always carry a lower price, so that in fact it will still be preferable to use it as a source of energy, for instance, to heat one's home, precisely because of that difference in price. Those then are two aspects one must keep in mind in attempting to prove that the natural gas tax is discriminatory, or that it might discourage its use as a source of energy.

[*English*]

**Mr. Siddon:** Mr. Chairman, if we look at the amount of revenue from new energy taxes that is set out in the 1980 budget of October 28 and in the 1981 budget of November 12, we see that there is some \$15 billion projected to the end of the

1983-84 fiscal year. In the 1980 budget \$6.6 billion is predicted to come from the natural gas and gas liquids tax, and some \$5.1 billion due to the 8 per cent PGRT in the 1980 budget. In addition, some \$2.6 billion more is projected in 1981 in supplementary energy taxes, which are spelled out in the Minister of Finance's budget of November 12, 1981. As well we have the Canadian ownership charge, the special levy, the PGRT increase to 12 per cent, effective with this legislation, and the IORT. All of these amount to some \$15 billion of revenue, which will be extracted from the residents of western Canada principally over the next two or three years, until the end of the 1983-84 fiscal year.

I have to ask the minister again, is that not discriminatory? What is the return for the residents of western Canada? How does he answer to the individual residents who must heat their homes with natural gas, or who live in apartments, as in the case of some senior citizens in my riding who got a supplementary bill in December, 1980, because of this discriminatory natural gas tax, leading to a monthly bill increase of some 30 per cent?

How does he answer to correspondence of the following type, of which I have received many letters. I am reading from a letter to the Hon. Minister of Energy, Mines and Resources dated April 2, 1982. It says:

Dear Sir:

The recent increases in residential natural gas prices are a real concern to me. I am on a monthly instalment plan with B.C. Hydro and have just received my statement of account. Although my consumption is slightly down, my monthly payments have increased from \$79 to \$106 per month. This is a 34 per cent increase. Obviously, I have asked some questions.

He goes on to point out that the cost to the consumer in British Columbia of residential natural gas has risen from \$1.90 per thousand cubic feet in November, 1980 to \$3.70 per thousand cubic feet at the present time. That is almost a doubling of his natural gas cost. Where is the equity in that? He states:

This increase is imposed 85 cents by federal and 77 cents provincial and 30 cents by B.C. Hydro. That represents an 80 per cent increase in government taxes in 16 months.

Those figures are per thousand cubic feet. The federal tax is a major element in that. I must say that the provincial government of British Columbia has been "complicit" in this perpetration on the residents of British Columbia. In their self-righteousness they too said: "We do not want an export tax on natural gas." But they were quite pleased to conspire with the Minister of Energy, Mines and Resources and stick it to the domestic consumers, to the extent of these massive tax increases, amounting in total to 80 per cent, on natural gas in 16 months.

My question goes as follows, in the words of my constituent:

Your government is calling on Canadians for restraint. That makes sense and many companies and citizens are doing just that.

But my constituent continues:

My salary increase this January was 10 per cent. In the light of these facts, how can you conscientiously make such gas increases? Furthermore, how can you expect home owners to pay such increases?

I have two questions: