

• (1440)

[English]

TOBACCO INDUSTRY

Mr. Bob Speller (Haldimand—Norfolk): Mr. Speaker, my question is for the Minister of Agriculture who has just come from a meeting with the tobacco board.

The minister must know that he has tobacco farmers between a rock and a hard place. The government has just levied a massive tax hike on tobacco farmers' produce, while at the same time it has not given one penny this year to the program that helps farmers get out of the tobacco business.

When is this government going to stop punishing tobacco farmers? When are we going to see some money for this year's REDUX program? When are we going to have some money to help these farmers adjust?

Hon. Don Mazankowski (Deputy Prime Minister, President of the Privy Council and Minister of Agriculture): Mr. Speaker, it is true that I met with the Ontario Tobacco Marketing Board, as well as with Quebec tobacco producers, and I was joined by my colleagues, the Minister of Finance and the Minister of Employment and Immigration, to talk about foreign labour, off-season labour.

The hon. member knows that there are ongoing programs in existence: the transition and adjustment programs, the alternative enterprise program, and the REDUX program. We talked about a number of other options that we may explore, particularly in the area of enhancing their export capabilities. I think the hon. member is aware that some 45 per cent of the Canadian tobacco production is now exported to some 50 countries.

We agreed to sit down with them and work out an action plan that hopefully will provide some stability and some promise for the future.

Mr. Bob Speller (Haldimand—Norfolk): Mr. Speaker, the minister must know that there is uncertainty and anguish in tobacco growing communities and that this government collects over \$5.5 billion off tobacco products.

Oral Questions

Will the minister devote part of that money to help these communities cope with the disintegration of their economies and their livelihoods?

Hon. Don Mazankowski (Deputy Prime Minister, President of the Privy Council and Minister of Agriculture): Mr. Speaker, as I indicated in my earlier response, my colleagues and I sat down with the tobacco producers to explore alternatives and options.

Obviously it is with that in mind, I want to assure the hon. member, that we recognize the impact upon the producers. We will work with them in devising plans and programs that will help alleviate the pain.

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EXCISE TAX ACT

Mr. Joseph Volpe (Eglinton—Lawrence): Mr. Speaker, last Friday on CBC *The Journal* reported a change in the interpretations of the Excise Tax Act that resulted in what some former revenue officials called a "tax scam" and a "tax fraud".

The act provided for refunds to the consumer/taxpayer for any overcharges in the FST, through the manufacturer. But, by revising interpretations in fiscal 1985-86, the minister has since allowed manufacturers to keep some additional \$770 million in refunds intended for consumers and taxpayers.

How can the minister justify allowing a scam that lets manufacturers pocket an additional 60 per cent in refunds of taxpayers' money since 1985-86?

Hon. Otto Jelinek (Minister of National Revenue): Mr. Speaker, if the hon. member had been here last week, he would know that I answered exactly the same question by a member of the New Democratic Party, at which time I said that it was quite obvious and apparent that the decision of any refunds to a business or a corporation rests between the business and its clients or its customers.

I also went on to say that is one of the reasons the federal manufacturers' sales tax was riddled with loopholes. In fact there were 22,000 of those suckers in there, exemptions or loopholes. That is one of the reasons why we made the very strong and decisive decision to scrap all of them and replace it with a fair and equitable tax like the GST.