

Excise Tax Act

east of the Ottawa river. Can the minister advise how much that amounts to per gallon. I find it somewhat incongruous and very illogical that the purpose of the consumption fund is to subsidize the export price, mostly east of the Ottawa river. The minister then proceeds to take back ten cents a gallon from those same gasoline users. Was that aspect of the matter looked into? How much per gallon does the subsidy amount to in order to reach some price equalization compared to the ten cents a gallon the minister is levying in this bill?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, I do not know whether we can break that down the way the hon. member suggests. By financing the deficit on the national single oil price against personal consumption, we are able to preserve the \$8 a barrel price for industrial, farming, fishing and home heating consumption. How that breaks down per gallon is difficult to estimate. Obviously, the person who drives for personal use is paying more than \$8 per barrel. The price he is paying is closer to the world price in order that we can maintain the price for those who use gasoline industrially, commercially, for farming or for fishing at two thirds of the world level.

● (1620)

Mr. Benjamin: Mr. Chairman, I suppose I should be satisfied with that answer, although I am not. I note that although the price is supposed to be equalized, a day or so ago there were wide price differentials in this country, even if one takes into account the differences in provincial gasoline taxes. I note that No. 1 grade gasoline in Halifax was selling for 89 cents per gallon, whereas in Regina it was selling for 71 cents. Surely, there should not be such a wide spread if we are trying to equalize prices.

May I ask a second question? When the minister was asked earlier this afternoon how much gasoline is consumed in this country, he said he does not have those figures before him. Since the bill is to allow the heaviest users of gasoline a rebate, or a deduction under the income tax act, has the minister considered imposing a smaller tax, say of three or four cents a gallon across the board, instead of ten cents a gallon as proposed in the bill. Can he say how great the government's revenues would be if a tax of three or four cents per gallon were imposed across the board and few exemptions and rebates were allowed? An across the board tax would force those who use most to pay most, which is only right. Why not charge three or four cents a gallon across the board? Would that not raise as much money as the government now seeks under the present bill? I ask again, does the minister know how much gasoline is consumed in Canada, and would not a lower across the board tax bring in as much money as will the provisions of the present bill?

Mr. Darling: That is the question I asked about ten minutes ago.

Mr. Turner (Ottawa-Carleton): Yes, the hon. member asked that question, but in a different way perhaps one hour ago. The hon. member asks why we did not charge, say, three or four cents a gallon right across the board, which would include gasoline used commercially, in farming and in fishing, instead of ten cents per gallon on personal use. We did not contemplate that, as that course

[Mr. Benjamin.]

would have affected the price structure of everything produced in this country. It would have affected the price of food; it would have affected the price structure of our entire manufacturing and industrial fields in Canada. It would have affected the price of mail delivery and of milk delivery. Therefore, in order to maintain the price of gasoline used industrially, commercially, in farming and in fishing, et cetera, at two thirds of the world level, we concentrated the tax on gasoline to be used for personal use.

[Translation]

Mr. Matte: Mr. Chairman, I want to ask the minister a very specific question.

Since one of the goals sought by this bill was to reduce gas consumption there seems to be at first blush some sort of contradiction since if a decrease in gas consumption is encouraged and millions of dollars in revenue are sought at the same time there seems at first blush to be a contradiction. I would like to get explanation on that.

But more precisely, if a decrease in gas consumption is being considered to conserve oil energy could the minister say according to the calculations of his experts by how much gas consumption could be reduced if this bill is implemented?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, that matter has already been discussed in the House. First of all, it was not possible at that time to estimate conservation against an increase in the price of oil per cent per gallon. On the other hand, even if there is some conservation, some decrease in our consumption brought about by the increase in price, brought about up to a certain extent by that tax of 10 cents a gallon, it is true that the amount of money coming from the tax would be less but, on the other hand, oil imports into Canada would be less also. So, the reason for covering the deficit would be less valid and consumption might be down. The need for the tax would also be less because imports would go down.

[English]

Mr. Stevens: Mr. Chairman, now that the Minister of National Revenue is in the chamber, can he answer a question? Previously, the Minister of Finance told the committee that the cost of collecting the tax and paying rebates would equal about one per cent of collections, or about \$5 million. How is that \$5 million to be spent? Will the minister consider hiring about 500 civil servants at \$10,000 per year each? Is that in the minister's mind? Or, is the minister considering a smaller staff and other types of expenses which were not contemplated?

Mr. Basford: Mr. Chairman, I do not have that material in front of me. The one per cent figure is correct. The expense will be borne by the Customs and Excise branch of the Department of National Revenue, which will be collecting the tax and doing much of the administration, the taxation branch of the department, which will be doing the data processing, and by the Department of Supply and Services, which will be paying refunds. I do not have figures as to the number of employees intended to be employed. They will be distributed among the three bodies mentioned. Those three bodies will also bear the cost of administration.