

Excise Tax Act

gallons of coloured gasoline to the farmer, and this is done on the basis of an annual report. It seems to me that the minister's officials have not advised him very well because he has two programs, one for the truckers who do not have to apply for a rebate because they use diesel oil, and another for the farmers who use a specific product that is already marked. They are not exempt and will have to request a rebate. As I say, this seems to me to be inconsistent.

I hope the minister does not do what almost every government agency has been doing, and that is to employ people to supervise collection of revenues. In many cases these jobs are simply created so as to avoid putting people on the unemployment insurance rolls. Most farmers and farm organizations understand the use of marked gas and have operated in five provinces with marked gas for a number of years. Even in Ontario they used it for a number of years and are quite familiar with the regulations and penalties. The province is willing to supervise the collection of the first ten cents, and I suggest that the second ten cents that we are now applying could be dealt with similarly. It would provide an opportunity for the federal government to get some service out of the provincial governments. Certainly under this legislation the federal government will not be collecting one cent more tax in the federal field than the province of Ontario will be collecting in the provincial field.

I hope the minister will be fair and equitable in his treatment of the two categories, those using diesel oil who are exempt, and the farmers who use marked gasoline and who are also considered exempt by the provinces as well as by a previous federal administration. I think both categories should be treated the same way in this legislation.

Mr. Mazankowski: Madam Chairman, I rise simply to support as vigorously as I can the amendment presented by my colleague from Red Deer. The excise tax as applied to farm fuel can best be described as a nuisance tax. It really does not provide any appreciable benefit to the treasury or to other budgetary provisions put forward by the finance minister. I think the proposal advanced by my colleague is sound, logical and sensible and I hope the minister will give it serious consideration.

I think the minister will probably suggest that, this being a manufacturer's tax, it may be somewhat difficult to identify. But we have ample precedent. A farmer who is engaged in the production of agricultural products is exempt from federal sales tax. When he buys an article that he requires for that purpose, he simply files an end user's certificate and does not pay the tax at the time of purchase.

The hon. member for Timiskaming outlined the manner in which purple or coloured gas is handled in the provinces. That, too, is a tax that can be applied at source with the manufacturer, and any administrative difficulties are quite minute. As I say, I think this proposal is logical and sensible and will certainly be most helpful to the farmer and particularly to the bulk dealers, who on this particular issue are going to be caught in a squeeze.

● (1440)

I was quite amused by the speech of the Minister of National Revenue. He used averages that suggested the western farmer burns about 1,000 gallons of gas per year. That may be an average, but I would suggest to the Minister of Finance and his colleagues that it is misleading. I checked with a couple of bulk dealers in my constituency. The amount of purple gas used by a farmer is more likely to be 3,000 gallons. Nearly every farmer has a second tractor which burns purple gas, certainly not diesel oil.

A farmer with a half-section would use 45 or 50 gallons a day for combining and probably about 1,000 gallons in total. The second tractor, used for spraying, fertilizing, cutting and baling hay, and probably a half-ton pick-up truck or delivery truck, would probably use another 1,000 or 1,500 gallons in a year. Conservatively speaking, the average half-section farm would consume about 3,000 gallons per year.

There is a problem in that the tax applies in respect of the bulk dealer. The bulk dealer in my constituency of Vegreville indicated to me that half the gas used on farms is purple gas. He expects that it will take about \$40,000 or \$50,000 additional operating capital for him to maintain his accounts receivable because most deliveries are on a net 30-day basis or sometimes 60 days, 90 days or even six months. He told me that the oil companies are claiming 1½ per cent interest on all accounts past due, so he is faced with paying interest on funds that are just being transmitted through the system. There is no sense in this exercise whatsoever, Madam Chairman.

If the proposed amendment is not acceptable to the minister, I am sure my hon. friend would be prepared to make a change in the wording. I think the principle is well enunciated, however, and I hope the minister will give it serious consideration. This morning I spoke to representatives of the Canadian Federation of Agriculture and was told that just this week they had passed a resolution asking the government to develop a suitable system, in consultation with them, to provide exemptions from the excise tax at the point of sale. That is precisely what this amendment attempts to do.

I think the other area that we should be concerned with is the possibility of an exemption certificate for commercial trucking concerns who will have hundreds of thousands of dollars tied up in excise tax while it goes through the hands of the dealers, the government and back to the transportation industry. I think the provincial government procedures in such cases are quite elaborate and could probably be followed here, and any abuses could easily be found. I am not sure if the provisions of this bill allow enough flexibility for the issue of exemption certificates, and I hope the minister will clear up that matter. If the bill has that flexibility, I think certificates should be issued and, if not, I strongly suggest that such a provision be incorporated in the bill. I would be glad to move an amendment to that effect.

We are not looking at small sales here; we are looking at tank wagon sales. I think the general application as it applies to commercial trucking, to tank wagon sales, should be considered as exempted purchases. If that provision of flexibility is not already contained in the bill, it should be. If the minister were to incorporate it he would