

*Excise Tax Act*

fuels to the manufacturing level is supposed to address compliance and administration problems, but we have also seen a shift to the wholesale level for snack foods, pet food and kitty litter, candy and confectionery goods and some electronic equipment.

I hold no particular grief for candy or snack foods, though I am probably a heavy consumer of them. I would, however, point out the situation of those who must, for their health and full functioning in society, purchase pet foods including, of course, those who have seeing-eye dogs. Monkeys are being trained to assist people who are mobility handicapped and have difficulty with the most fundamental and basic manipulations of their limbs. As well, dogs and cats are trained to alert people who are deaf to events within their homes that might be threatening to them. It seems to me that these people should at least be able to claim the cost of pet food as a medical expenses deduction. It is essential, of course, to the continued health and effective functioning of these highly trained companions who are trained at considerable expense that they be well fed. I believe it would be appropriate for the Government to make that humane adjustment of that particular tax.

There are other measures in the Bill, including the refund provisions for public institutions, the amendment of the fair price provisions and revision of the compliance provisions on on-site inspection because of the reduction in on-site surveillance, introduced wisely or otherwise by the Government. These are of a minor technical nature and I will not comment on them further.

There are some relieving measures in the Bill, including the exemption on the price of original prints as pointed out by my colleague, the Hon. Member for Regina East (Mr. de Jong). There is an increase in the tax threshold, a necessary corrective counterbalance to the increased bureaucratic provisions this imposes. Of course, for the benefit of primary producers, there is a continuation of previous exemptions that I think were very wisely granted.

One thing that is not in this legislation but should be is some form of incentive through the excise tax system for producers, marketers and distributors of fuel alcohol. I believe the Government is letting slip a great opportunity to obtain answers concerning blending of fuel alcohol produced from surplus biomass and unsaleable or surplus agricultural commodities. It could make a great contribution to the economy, particularly in areas such as the Prairies where the economy is depressed because of the lack of demand in the primary markets for those commodities. I think the Government is being pressured by the international petrochemical companies in this respect. Certainly it is an opportunity that an NDP Government would be swift to take advantage of.

• (1550)

Turning to some of the effects of the Act, it is worth remarking that the estimate that 42 per cent of federal tax revenues were collected on intermediate and capital goods

means that manufacturers end up paying a hidden sales tax on those goods used in their operation, and therefore we have a tax on tax. I believe most Governments, under modern tax theory, have tried to avoid that. Certainly our Government should be trying to avoid it.

Then we have discrimination against exports. These hidden taxes are passed through to the export price, reducing the competitiveness of Canadian goods. Conversely, they confer an advantage on imports because they are not included in the cost base for the calculation of federal sales tax on imports.

One thing that I was of course concerned about was that the Government would attempt to tell the people of Canada that the federal sales tax credit, as it is known in the income tax form, is sufficient to offset the many increases passed through by way of the federal excise and sales taxes. Clearly, that would be a hypothesis which the Government could not justify by reference to the facts and figures.

While the Government has raised \$1 billion or \$2 billion per year in every year of its mandate through increases and a broadening of the base for the federal sales and excise taxes, it has seen fit to bring in only a very nominal, minimal sales tax credit which would cover the additional sales tax costs of the average consumer if they were purchasing only a limited range of items. I say to the Government it should come clean with Canadians. It should be frank and open as to what its objectives are in rolling into one single Bill all these changes and increases in the federal sales and excise taxes. The objective is not fairness for Canadians. It is to raise revenue, which is the way the Government believes in making its major thrust to tackle the problem, as it sees it, of the deficit.

**The Acting Speaker (Mr. Paproski):** Questions or comments.

**Mr. Blenkarn:** Mr. Speaker, I was wondering if the Hon. Member would confirm that the NDP would be interested in the multi-stage sales tax presently being negotiated between the federal and provincial Governments? It would get rid of this horrendously anti-Canadian sales tax we presently have and possibly combine provincial sales taxes with the federal tax. In that respect, would the NDP be in favour of a multi-stage tax with the broadest base possible, including even necessities so that the rate could be as low as possible?

**Mr. Parry:** Mr. Speaker, I am very glad to have the opportunity to be the first speaker to comment on a question from another Member of the House today.

The Hon. Member is of course the Chairman of the Standing Committee on Finance and Economic Affairs. He, as an expert in all matters of taxation, including federal excise and sales taxes, knows that a multi-stage federal and provincial tax is not completely without problems either in its conceptualization or application.

What I would say is that any measure, be it by legislation or negotiation, which enables the people of Canada to more fully