

Adjournment Debate

of Finance at the time, that total amount of at least \$200 million from the farmers and fishermen is a direct profit to the Government and a direct cost to the farmers and fishermen. Those costs must be passed on the consumer if these fishermen and farmers are to stay in business.

The answer I received to that question was a polite homily from the Minister of Finance, telling me that taxes are always necessary. He lectured me on the deficit of our country and that somehow the Government must cover the cost of that deficit. That was small comfort to the consumers who must pay that \$200 million that the Government nets from that direct tax on the cost of production.

There is a choice in some industries of passing on that tax. For example, with respect to the plastics industry, which would have to pay that 9 per cent and soon 10 per cent tax because it is a petrochemical industry, the consumer will ultimately have a choice of whether he wants to buy a product. He does not have to buy the extrusions, molded plastics or throw away toys which that manufacturer is trying to sell to the consumer. There is a choice about whether a consumer wants to pay that tax. However, the consumer must pay the additional cost on the food because there is no choice.

The Consumer Price Index, which came out last week on May 22, indicates that it now costs \$93 or \$94 for the essentials of food for a family of four in this land. It was approximately \$9 less a year ago. The Consumer Price Index keeps going up. The secret is that as much as the Consumer Price Index goes up, it is always going up less than the cost of food production. That means that the fishermen and farmers are in a cost price squeeze. They cannot pass on all the additional cost of production to the consumer because the price index does not go up that high, and they simply cannot afford to pay it. This means there must be some give somewhere.

I think you will agree, Mr. Speaker, that the fishermen and farmers in our country have to be the most efficient producers in all of the land. The multiplier of their efficiency has to be greater than any other in the country, yet the government is asking them to do more. It wants them to increase production, to become more efficient with a better means of production but not to charge the consumer.

If a fisherman uses 100 gallons of gas or diesel fuel to go to the fishing grounds, it will mean an extra \$18 just to get there. If that fisherman uses 1,000 gallons of fuel in the fishing season, it means another \$180 in the cost of production just for that one fisherman. Something must give and it certainly will not be the Government.

We only have to let our minds go back four years when the Government ran large ads during the election campaign. The present Secretary of State for External Affairs (Mr. MacEachen) was putting out large ads to "vote Liberal and the price of gas will stay down". That is hogwash. The Government has a short memory about that. It sent on the cost of fuels not only to the farmers and fishermen, but to all those who use that fuel, including senior citizens and low-income groups.

● (1815)

I would remind you, Sir, that when it comes to the cost of food produced in Canada, the products of the grain farmers and the fishermen are the staples for the low-income families of our land. Wheat, oats and fish are staples. This Government is asking the low-income people to carry the additional cost now 9 per cent, soon to be 10 per cent, on fuel. That is an injustice that Canadians will not tolerate.

Mr. Ralph Ferguson (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen) has raised again an issue which was debated before this House on February 17, 1984, specifically that the federal government provide a further subsidy for Canadian farmers and fishermen by eliminating the 9 per cent federal sales tax on motor fuels used in their activities.

I wish to point out that the federal Government has had this fuel tax in existence for many years. In fact, in the autumn of 1978 it was 12 per cent. Later that year the tax was reduced to 9 per cent. Further, I would like to put this matter into perspective. The estimated cost of farm fuels in relation to total farm input costs across Canada is 8 per cent of the total. What we are talking about is a 9 per cent tax on 8 per cent of total input costs.

The Hon. Member referred to the 1.5 cent per litre refundable excise tax. To eliminate this for one sector of the economy would require identifying the fuel to prevent abuses by other vehicles or for other activities. I hope the Hon. Member is not suggesting that we add colouring to the fuel such as the Ontario Government did a few years ago that subsequently caused the farmers to have clogged fuel filters, ruined injectors, and ruined motors. Of course, the Ontario Government disclaimed any responsibility for this, although it did change to a different type of fuel colouring.

I do appreciate the Hon. Member's desire to reduce the share of the tax burden borne by farmers by eliminating the sales tax on farm fuels. Nevertheless, the tax only represents a small portion of the price of fuel. It is less than 3 cents in the case of a litre of diesel fuel which sells for about 35 cents a litre to farmers. Thus, on an individual basis, the relief the Hon. Member seeks would not be substantial.

Furthermore, all other users of motive fuels, including trucking companies, railways, air carriers, municipalities, mining and logging companies and individuals are not entitled to a tax concession on their fuels. It would be difficult to grant relief for farm fuels without also granting comparable relief for others who could argue that they too are equally deserving. Clearly such an exemption would significantly increase the deficit.