

signing of the Western Accord, the Minister of Energy was asked about a new agreement for Nova Scotia, and she said: "Give me a weekend to rest". Boy, was she tired? That was months and months ago, and still we do not have anything from the Minister or from the Government. It seems that Nova Scotia, and perhaps Newfoundland, if this complete inadvertence and disregard continue, will suffer tremendous problems as a result of the lack of a fiscal regime on the part of the Government. Once again the words of the Minister are not followed by action. Her words do not mean anything to her. I tell Hon. Members of the House that her words mean an awful lot to the people of Canada. They are not positive, but they are starting to realize that the Government just does not care about the country. It does not care what it says, and it does not care whether what it says is followed by action. It believes it need not do what it says it will do.

When the Western Accord was announced, the Minister said that offshore projects were protected; we all remember that. Also she said that she had received assurances of a reinvestment of \$800 million per year from companies working in the Atlantic offshore and that removing five different taxes meant that they will invest more money in the East Coast. My, oh my, if they are investing more money in the East Coast, it has to be the best kept secret in the country. Last year, there were 10 rigs drilling off the shore of Nova Scotia. Now there are two. Companies are leaving Halifax and Dartmouth in droves. The whole offshore is crumbling because the Government has refused to put in place a fiscal regime which would indicate that it is giving any support at all to the Venture project in Nova Scotia.

On March 29, the Minister said: "The companies involved in the drilling ventures told me personally that the removal of the PGRT, which is a revenue tax, would be one of the greatest incentives to continue drilling in the Scotia Shelf". Imagine, imagine! Are those not just yummy words? Then, when referring to the Leader of the Opposition (Mr. Turner), she said: "I can assure him that there is nothing in the Accord that does any damage at all to Newfoundland and Nova Scotia".

This Government, which was practically paranoid about the reduction of the deficit last spring and according to its own terms, supposedly reduced it by \$2 billion, has completely done away with that reduction. In fact, the removal of the PGRT, which is a gift to multinational oil companies, and the bail-out of the banks, each meaning \$1 billion to the taxpayers of the country, have completely wiped out any reduction which may have taken place in the deficit.

The Government made some decisions on energy which it felt it could make and from which it could gain some political points. If it was a easy decision, the Minister of Energy and the Government made it. They did not have any regard for consumers or for what increased prices would result. They felt that if they could get some political points from it, they would do it.

It seems that the energy decisions are a little more difficult now. Perhaps the pressure groups are not all on one side or the

other. It is not clear-cut. There will be a down side and an up side. The Government is frozen at the switch, and Canadians are paying the price as consumers and they are paying the price by the reduction of impetus and confidence in our energy program.

● (1125)

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, there is no tax that is a good tax. All taxes are in some sense a drain on the productive end of the economy, to pay the expenses of Government. So it is easy to argue that tax increases, such as proposed in this Bill, to some extent can cut back on economic activity.

The problem of course is that bills have to be paid. The expenses of Government go on. The deficit of the Government is massive. It is to that issue that I intend to address the House this morning.

This Bill really is a three-part Bill. It increases the general sales tax from 10 per cent to 11 per cent and the tax on building materials and products of that nature from 6 per cent to 7 per cent, commencing at the beginning of the new year. It increases the tax on alcohol to 14 per cent. It imposes some new taxes and broadens the base of our tax system to include a number of products that were not heretofore taxed. To that extent the broadening of the tax base is to increase the revenue to the Government in the period commencing on January 1, 1986, for that year, by \$510 million.

The tax also deals with the excise tax on motor fuels. You will recall that the effect of the Budget was to remove the Canadian ownership special charge. That was the tax that was designed and imposed on all consumers of all petroleum products in order to pay for Petro-Canada's purchase of Petrofina. That tax was 1.3 cents a litre and it covered home heating oil, natural gas and all forms of fuel, not just motor fuel. The effect of the change in the excise tax is really not to change the gross revenue of the Government at all because what the Budget has done is to remove the Canadian ownership special charge that applied right across the board and replace it with a tax deliberately and specifically focused on motor fuels. So while we removed a 1.3 cent a litre tax, which included home heating oil, we now have a tax of 2 cents a litre, but that is strictly on motor fuels.

It has been the view of the Government, indeed the view of this Party, that the cost of heat in a man's home should not be taxed. This is a pretty cold country and it is a pretty callous Government which would tax the cost of heat on homes. So we took the tax off that item, but we added tax to the cost of motor fuel because the Government needs the revenue. It would be a sensible Parliament that would applaud that effort.

The total effect of the taxes is to increase the burden on the economy by roughly \$1.6 billion in the next fiscal year, and that revenue is absolutely essential if we are going to come to grips with the problem that this Parliament faces, indeed that the country faces, in returning our economy to a certain stability.