

*Routine Proceedings*

fourth point in the government's program, namely the reduction in federal taxes on cigarettes consumed in Canada.

We share the concern of many of the health groups that tax reduction will encourage smoking. We recognize this proposal is not yet supported by a majority of the provinces which is necessary to affect the differential between the price of cigarettes in the United States and in Canada.

We question the reduction is really sufficient, particularly without full provincial co-operation to deter smuggling activity. We assume the revenues lost through the tax reduction will be compensated through tax increases in other areas. We would very much like to know what those tax increases are and who will be paying them.

We recognize that the tobacco tax issue is becoming, as the Prime Minister said, more than a tax issue. It is becoming a justice issue. It is becoming a social issue. It is becoming an aboriginal issue. It is becoming an issue of interprovincial relations, but at the root of it is overspending that leads to overtaxation in the first place and all these side issues.

We believe the House and the government have yet to deal with the root of the problem which is the overspending. We expect and hope that will be dealt with in the budget presentation in a couple of weeks.

The Reform caucus will be reviewing the government's program in detail tomorrow morning and we hope to have further contributions in the days ahead.

• (1045)

**Hon. Audrey McLaughlin (Yukon):** Mr. Speaker, I rise on a point of order. I wonder if I might seek unanimous consent of the House to make a very brief response to the Prime Minister's statement on behalf of my party.

**Some hon. members:** Agreed.

[Translation]

**Ms. McLaughlin:** The New Democratic Party knows that smuggling is a very complicated problem. It is not a very effective way of solving the problem, but I have a few comments concerning the government's plan.

[English]

The first point I would like to make in response to the statement of the Prime Minister is that while we recognize this is a very complicated problem, we think it is based on several assumptions.

One assumption is that this is a problem related only to cigarettes and tobacco products. It is clear, as we heard from the alcohol manufacturers, that they are gearing up their campaign for similar treatment. It seems to me this is a very slippery slope, reducing the tax on cigarettes, the government has embarked

upon without a full framework of all the ramifications on other products as well.

The assumption that this issue will be dealt with is a major assumption indeed since there are other products, other manufacturers, other issues that are going to be affected very quickly. The government should in my view have brought in a plan which would deal with the whole issue and all the products that might be included.

Second, this was not a plan developed in conjunction with the provinces and the territories in a way that there could be a coherent plan across the country. Clearly, if provinces set different tax rates, we are going to see that there will be a similar problem between and among provinces.

I want to say that we are very much in favour of the export tax and the surtax proposed by the government. We are not in favour of lowering taxes on cigarette products. However, it is based on the assumption that the cigarette manufacturers will not raise their prices to compensate for the increased tax. I just raise that as a problem.

The third point I would like to make is on enforcement. Our party very strongly believes there needs to be increased enforcement both for those who buy contraband products and those who sell them. However, the government will know there has been a significant reduction in financial resources both to the RCMP and to customs officers. The question this raises is: What is the capacity of the RCMP and customs officers with the reductions in their own budgets that they have felt over the last few years? What is their capacity?

We oppose the reduction of taxes on cigarettes because this is not within the framework of a full plan. Clearly the statistics on health and, as the Prime Minister mentioned, young people are clear. The higher cost has resulted in a reduction of the use of tobacco products. There are over 37,000 Canadians a year who die from the use of tobacco products. I believe this plan will be very detrimental to health care in Canada.

Finally, this morning we heard many provincial commentators saying that they are concerned that the unilateral plan of the government without full consultation and a joint plan with the provinces may undermine the national health forum. The government has undertaken an attempt to solve a very difficult problem. However I believe it is on a slippery slope when it simply sees the reduction of the cigarette tax doing this.

The other areas are very important and I hope the government will not, as the previous government did, back down on the export tax when manufacturers start to complain about it.

I would say that we in Canada are left with a very serious problem regarding smuggling of a number of products not included in this plan. We are still left with a significant health