

Excise Tax Act

primary producers are also eligible for a 1.5-cent-a-litre refund of excise taxes on motive fuels.

[English]

The program was introduced in the fall of 1984 in response to financial difficulties being experienced by primary producers. We remember that time. It is a temporary program that was designed to provide short-term assistance. The program expires on December 31 of this year.

The economic situation has improved for many of our primary producers since this program was introduced. The farming sector, however, continues to experience very serious difficulty. This was, of course, recognized by the announcements made by the Prime Minister (Mr. Mulroney) yesterday. Farmers in the grains and oilseeds sectors have been hit particularly hard in recent years. The devastating effects of the international subsidy war make additional assistance imperative. All of us who follow the subsidy war know that this is continuing from our major trading competitors.

In response to this serious problem, and to provide additional assistance to all primary producers, the Prime Minister announced yesterday at the Agricultural Outlook Conference that the fuel tax rebate program would be extended to December 31, 1989. This extension will provide \$200 million each year to the farming sector, \$110 million of that to grain farmers as part of the grains assistance program. The total benefit from the two-year extension of this particular program for all primary producers will be \$500 million.

This initiative also responds to the recommendation of the Standing Committee on Agriculture that the fuel tax rebate program be extended.

The one-cent per litre increase in the excise taxes on motive fuels was part of a limited number of tax increases announced in the February Budget to maintain an acceptable rate of progress towards the Government's medium-term deficit reduction goals, which are proceeding on course. The fuel tax rebates to farmers and other primary producers are being increased by an equivalent amount. Since the rebates to farmers are currently equal to the taxes imposed, it would be inappropriate to propose any further increases in the level of these rebates without implementing the tax increases on which the higher rebates are based.

● (1600)

This program is an expenditure program. No payments can be made in respect of fuels purchased in 1988 until after the legislation receives Royal Assent. In order to ensure that rebates can continue to be paid to farmers and other primary producers in respect of fuels purchased after December 31, 1987, it is imperative that this legislation receive Royal Assent before the end of this year.

I am certain that Hon. Members appreciate the importance of this program. The time remaining is very short and I ask their assistance in giving quick consideration to this Bill. This

will ensure that primary producers and, in particular, Canadian farmers, will continue to receive fuel tax rebates in respect of fuels purchased in the new year.

Hon. Herb Gray (Windsor West): Mr. Speaker, we are dealing with a Bill intended to extend the rebate program for groups such as farmers, loggers, fishermen, miners, hunters and trappers for two years, to December 31, 1989. However, that is only one part of the Bill.

The other part of the Bill is to increase the rates of excise tax on gasoline, aviation gasoline, diesel fuel and aviation fuel by one cent per litre, effective last February 19, 1987, the date of the last budget. This would bring about a total annual increase in revenue from this excise tax of approximately \$450 million.

The net increase in revenue to the federal treasury as a result of this legislation will be \$200 million. That is \$450 million produced by this increase in excise tax, less the \$250 million for the fuel tax rebate. In other words, the Government is asking us to agree to an increase in excise tax not simply to equal the additional cost of extending the rebate program for another two years, but to also carry out what amounts to a hidden and unjustified tax grab from the Canadian people of another \$200 million.

The position of our Party is certainly to support the measures to extend the fuel tax rebate program for farmers, loggers, fishermen, miners, hunters and trappers to December 31, 1989, but I do not see how Canadians would expect us to support the one-cent increase in gasoline excise taxes, because this would certainly further hit the hard-pressed Canadian taxpayer, not simply to match the additional cost of the rebate, but to produce another \$200 million for the federal treasury.

This additional tax grab has negative effects on many sectors of the economy. Furthermore, this measure cannot be judged in isolation. One must also examine the other increases in indirect taxes introduced by the Conservative Government.

Let us consider the Conservative record when it comes to increases in indirect taxes, that is to say, sales and excise taxes. First, let us look at gasoline and associated products. There was the first increase of two cents per litre on gas, effective September, 1985, with an annual cost of \$900 million. There was a second increase of one cent per litre on gasoline, effective January, 1987, with an annual cost of \$450 million. There was a third increase of one cent per litre on gasoline effective February, 1987, with an annual cost of \$450 million. There is equalization of sales tax on unleaded and leaded gas, effective 1987, with an annual cost of \$30 million.

There are other increases in sales taxes. There was the first increase of one per cent in sales tax in 1984, with an annual cost of \$1 billion. There was a second increase of one per cent in sales tax, effective January 1, 1986, for another annual cost of \$1 billion. There was a third increase of one per cent in sales tax, effective April 1, 1986, for a further annual cost of \$1 billion.