

Bearing that in mind, I should like to ask the Leader of the Government to make a special appeal on behalf of the woodworkers in the province of New Brunswick, as well for those in his home province of Quebec, and those in north central Ontario, northern Saskatchewan and British Columbia, so that they may be given consideration similar to that given the farming industry, commercial fishing industry and the urban public transit industry. They now face a net increase of 8 cents a gallon instead of 18 cents a gallon. If the same consideration could be provided for woodworkers, it would certainly be appreciated.

Senator Flynn: I certainly will put that question to my colleague, the Minister of National Revenue. However, I am not sure how these cases are treated under the present law. It seems to me, if permanent residence is not required in certain operations, that the cost of transportation is a deductible expense. If such an interpretation is already in place, the additional cost of transportation will, of course, be treated in the same manner as the present cost of transportation. In any event, I will obtain an opinion from the Department of National Revenue on that.

Senator McElman: Since there is special provision in the budget as brought down last evening for farming, commercial fishing and urban public transit, would the Leader of the Government make representation to his colleague that similar and equal treatment be given to woodworkers?

Senator Flynn: If there is no relief at the present time, it might be considered, but, as I have suggested, it could be that this instance is already provided for.

EXCISE TAX ON DIESEL FUEL—SPECIAL CORPORATION SURTAX

Senator Buckwold: I have two questions to put to the Minister of Industry, Trade and Commerce for clarification insofar as the budget is concerned.

My first question involves the energy excise tax. I am particularly interested in the impact on diesel fuel. From what I can gather, up until now there has been no excise tax on diesel fuel. If I am correct in assuming that the term "transportation fuel" now includes diesel fuel, then I believe I am correct in assuming that a tax of 25 cents per gallon will be imposed on diesel fuel, with a rebate of 10 cents per gallon when it is used in the farming, commercial fishing and urban public transit industries.

If these assumptions are correct, the impact on farmers, who use a large amount of diesel fuel, will in fact be a 15 cent increase in the price of that particular, useful and necessary commodity. I should like to have your comment on that, because I am sure that question will be asked.

While I am on my feet, I will ask my other question, which relates to the special surtax of 5 per cent of regular federal income tax payable by corporations.

Am I correct in assuming that the provinces will also share—those provinces which are involved in tax agreements with the federal government—in their percentage of that tax?

[Senator McElman.]

The Leader of the Government shakes his head, and he is always handsome when he does that, but the question remains whether in my province, where the provincial government collects 47 per cent of the federal tax, 47 per cent of the increased tax paid to the federal government will go to the province. In fact, that would mean that corporations in that province—and I can only refer to Saskatchewan—will be paying approximately 7 per cent more rather than the extra 5 per cent that has been announced.

Senator de Cotret: The answer is yes to the first question. The new excise tax on transportation fuels definitely does include diesel fuel. Since there was already an excise tax on gasoline, the new tax implies an increase of four cents a litre. Since there was no previous excise tax on diesel fuel, the new tax implies an increase of 5.5 cents a litre.

With respect to your second question, my temptation would be to answer that it is structured in a way that it does not affect provincial revenues, but I should like to take that question as notice so that I may satisfy myself that, in fact, that is the case. As I said, my inclination would be to say that it does not. However, it might, so I should like an opportunity to look at the ways and means motion to be sure of that.

Senator Buckwold: I have one supplementary question. It seems, having had your advice, that farmers will be paying an additional 15 cents a gallon as of today on all diesel fuel? Is it fair that this particular segment of society—a segment of society so important to the national economy—should have to shoulder this extra burden all at once?

● (1500)

Would the government consider an amelioration of this tax? Perhaps there could be an easing into it, rather than imposing it in one fell swoop and thus adding a very heavy burden to an already overburdened farming community?

Senator de Cotret: First of all, you are correct in suggesting that, for diesel fuel, there will be an excise tax, net of the rebate, of 15 cents per gallon. Provision has been made for fishermen and farmers because, to quote the words of the Minister of Finance, fishermen and farmers are the backbone of our economy. Yet, we are facing a difficult period. We are facing difficult short-term issues, and at the same time we are looking ahead to building a base on which this country can move aggressively to realize its economic potential over the next decade.

I do not think the budget has singled out any particular group. Everything possible has been done to mitigate the impact on those segments of the Canadian economy that are least able to deal with the adjustments we must go through. That is why there has been an income adjusted refundable tax credit introduced on the energy side; that is why for fishermen and farmers there is a rebate in respect of the excise tax increase.

If one looks at the budget closely—I see some honourable senators smiling—

Senator Stuart: That is me.