

*Routine Proceedings*

In addition, the government has stated forcefully that tobacco manufacturers would be hit with a surtax in order to finance a health promotion campaign. We fully endorse a health campaign. However, what the Prime Minister has failed to say is that there is a danger that the first chance they get, manufacturers will pass on the cost of the surtax to consumers through a price increase. Has the Prime Minister received any assurances that the surtax to be paid by tobacco manufacturers will not, at some point, be passed on to Quebec or Canadian consumers? The Prime Minister was silent on this matter and the whole issue remains unresolved.

Does the Prime Minister not realize that these two measures, namely an export tax and a surtax on tobacco manufacturers, could drive jobs out of Canada. Manufacturers could be inclined to produce the same quality of cigarettes somewhere else where they would not have to pay the surtax or the export tax. Does he not see the danger not only of failing to take highly effective means to get to the root of the problem, but also of driving our manufacturers out of the country? Has the Prime Minister received assurances that manufacturers will go along with this measure, stay here in Canada and pay taxes to finance the health promotion campaign? This question too remains unanswered.

Is there not some risk that the refusal of the other provincial governments to participate in the Prime Minister's action plan will create a serious problem elsewhere than in Quebec? Is there not some risk that the smuggling network, the contraband activity and the illegal sale of cigarettes will move to southern Ontario and to other Canadian provinces since measures will be in place in Quebec to curb this illegal activity? Has the Prime Minister made provision for a mechanism which would ensure that the problem is simply not shifted elsewhere? I remind him that his government would then also be responsible for the illegal cigarette trade outside Quebec. His government would then have to take measures that would be applied everywhere in Canada.

In conclusion, I would simply like to say that the Prime Minister's action plan will have a limited effect. First, only Quebec has agreed so far to come on board. Second, the plan would drive away well paid jobs in the tobacco manufacturing sector. Third, it is not likely that the RCMP will succeed in properly controlling the contraband tobacco trade which is taking place mainly on native reserves. I remind you that thus far, the RCMP's success rate in this area is one per cent. Fourth, I want to say that the opposition supports the anti-smoking measures which have been announced.

We are pleased to see that the questions we raised in this House and the work we have done on this side to compel the Minister of Health to assume her responsibilities have prompted the Prime Minister to include a health promotion component in

his action plan. This concludes our comments at this time. However, we will very likely come back to this subject because in our opinion, the government has been trying for three weeks to hide the truth. Now that it has its back against the wall, it proposes solutions that are a long way from being the most effective. A more comprehensive analysis of the situation would have been in order.

• (1040)

[English]

**Mr. Preston Manning (Calgary Southwest):** Mr. Speaker, I would like to begin by commending the government for its response to, as the Prime Minister said, a very complex problem and also to thank the government for the briefing provided to us earlier today on the details.

Our understanding of the government's program is that it consists really of four components: first, a stronger enforcement of the laws against smuggling; second, a stronger anti-smoking educational campaign to be financed by a surtax on tobacco company profits; third, an export tax on tobacco exports; and, fourth, the reduction of federal taxes on cigarettes consumed in Canada.

Our initial response to this program is this. First, we commend the government on its program but want to point out one missing element in the presentation the Prime Minister made this morning and in the briefing package presented to us. That is a detailed estimate of the cost of the program. How much is it going to cost? Who is going to pick up the tab?

Our understanding in going through the material is that the net impact of the tax changes is in the vicinity of about \$300 million a year. It is my understanding that the implementation of the other parts of the package are probably in the vicinity of about \$150 million per year. Therefore we are talking about a package of about half a billion dollars net cost per year.

I would like to encourage the Prime Minister and the finance minister that when these programs are presented to the House, no matter what their merits, that they be accompanied by a more detailed presentation of the cost implications because of the financial situation that the government is in.

We find ourselves in support of about three-quarters of the government's program, three of the four major items. We find ourselves supportive of stronger enforcement of the laws against smuggling, supportive of the stronger anti-smoking educational campaign and supportive of the concept of reinstating the export tax on tobacco exports.

I do have to tell the government that the majority of our members believe the majority of their constituents are not convinced at this point in time of the wisdom and viability of the