

just as quickly as anyone else. Otherwise, is there any point in our putting questions to the Leader of the Government, or asking him to take them as notice? When the answers to questions are available, whoever is responsible for supplying the answers should smarten up and send them to the Senate.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, I regret that Senator Marshall is not equally commendatory when the government provides answers in a very short period of time, such as in the case of the information about Lebanon brought to the chamber this evening.

Some Hon. Senators: Oh, oh.

Senator Perrault: Senator Marshall has stated that the information provided on the subject of the militia was more complete when it was answered in the Senate. That is the point I made the other day. The news release only represented one-half of the information brought by me to the chamber on June 8.

Senator Marshall: The rest was superfluous.

PRIVATE BILL

THE GRAND LODGE OF THE BENEVOLENT AND PROTECTIVE ORDER OF ELKS OF THE DOMINION OF CANADA—THIRD READING

Hon. Sidney L. Buckwold moved the third reading of Bill S-27, to amend the act of incorporation of The Grand Lodge of the Benevolent and Protective Order of Elks of the Dominion of Canada.

Motion agreed to and bill read third time and passed.

[Translation]

EXCISE TAX ACT PETROLEUM AND GAS REVENUE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Royce Frith (Deputy Leader of the Government) moved the second reading of Bill C-112, to amend the statute law relating to certain taxes.

He said: Honourable senators, in moving second reading of Bill C-112, to amend the statute law relating to certain taxes, I would like to outline the principles involved in this legislation and to comment briefly on the various clauses and provisions contained in the bill in the order in which they appear.

Honourable senators, the former Bill C-93 was divided into Bills C-111 and C-112 in the House of Commons. Bill C-111, to provide supplementary borrowing authority, will, I believe, receive third reading in the other place this evening and Bill C-112 is now before us.

This bill includes all the taxation provisions of Bill C-93, except for clause 7 which prescribes the limits for the tax rates.

Honourable senators, as you will recall, the Government of Canada entered into agreements with Alberta, Saskatchewan

[Senator Marshall.]

and British Columbia last fall about oil and natural gas pricing and the sharing of revenue from these resources. Generally speaking, the bill before us is divided in two parts which ensue from these agreements between the Government of Canada and the said provinces.

The first part also includes three minor technical amendments. As a corollary of the agreement between the government of Canada and the oil producing provinces, I would like to speak briefly about the taxation powers provided by the energy agreements covered by this bill. The first part of the bill amends the Excise Tax Act by making changes to taxes on natural gas and natural gas liquids. The bill also includes minor technical amendments to the federal sales tax. The second part of the bill amends the Petroleum and Gas Revenue Tax Act in accordance with the agreements between the government of Canada and the oil producing provinces.

The second part of the bill implements the first ways and means motions relating to the Excise Tax Act which the Minister of Finance, Mr. MacEachen, tabled with his budget of November 12, 1981. The bill sets the rate of the federal sales tax on natural gas at zero for natural gas exports, except for gas produced in Canada lands. This zero rate will apply to the period from October 1, 1981 to December 31, 1986 or until the agreements with the producing provinces expire. The bill also provides for the reimbursement of the tax on ethane exported during this period. Second, the tax rate on Canadian sales of natural gas will be set so that its wholesale price, including the tax and transportation costs to wholesalers in Toronto, will be equal on the average to about 65 per cent of the average price of crude oil purchased by Toronto refineries. Thus, conversion to natural gas will be very strongly promoted and those who are already using natural gas will continue to find it significantly more economical.

On second reading, the House of Commons also amended clause 7, as I have already mentioned. The limits for the rates will therefore be phased in.

The tax rate was set at 42 cents per gigajoule on January 1, 1982, and the rate went up to 63 cents per gigajoule on February 1, 1982. This rate of 63 cents per gigajoule will probably be maintained for the rest of the year. Thus, the tax rate will depend greatly on the blended oil price which itself varies according to international oil prices.

As regards technical changes to the tax system, they are as follows: First, the establishment of a reduced excise tax rate on wines of all sorts containing not more than 1.2 per cent of absolute ethyl alcohol by volume.

Second, small manufacturers must file refund applications to recover the sales tax paid by them on machinery and equipment bought from their manufacturing activities.

Third, an increased penalty for non-payment of sales tax and federal excise is also provided for. The rate will be increased from 1 per cent to 1.5 per cent per month.

Part II of this legislation amends the Petroleum and Gas Revenue Tax Act. To that end, the rate of the petroleum and natural gas revenue tax, which, it will be remembered, was