

Excise Tax Act

that because I am sure the Department of Finance officials can do those calculations almost off the top of their heads.

I want to inquire about the excise tax. Bill C-12 was withdrawn and this Bill introduced. Will this Bill require local distributing companies, such as the United Co-operatives of Ontario distribution outlets across Ontario, to charge the excise tax to their customers and have their customers claim it back from the federal Government? My impression is that the Bill as initially introduced required local distributors like the United Co-operatives of Ontario to charge the tax. The individual farmer or other user had to apply to the Government to get the rebate. Large integrated companies such as Imperial Oil or Gulf did not have to charge the excise tax. It would be refunded because they were a manufacturer or a base distributor.

Will this Bill allow local distributors not to charge the tax the same as the large oil companies such as Imperial Oil? If it is not on that equitable basis, it will be most unfair to the little independent distributors. They will have to charge an extra 4.8 cents a litre whereas Imperial Oil will be able to send its truck around the farming community and not charge the tax. It is a most unfair system. Can the Minister explain exactly what the arrangement will be as the result of Bill C-17?

Mrs. McDougall: Mr. Chairman, the smaller dealers should be able to qualify as well. That was part of the purpose of this. It will be a direct credit. I think the qualification is that it is a bulk sale either at the pump or delivered to the farm. Those dealers will qualify as long as they are registered with Revenue Canada.

Mr. Keeper: Mr. Chairman, part of this legislation provides for a rebate to fishermen, farmers, loggers and miners. That is to be applauded. At the same time, however, the Government is imposing an increase in the federal sales tax, for example, on construction materials which will cost something like \$2 billion over four years. Has the Minister calculated the impact on employment in this country as a result of taking \$2 billion out of the pockets of the consumers? Can she tell us how many jobs will be lost in the economy as a result of increasing the sales tax and reducing purchasing power at this time?

Mrs. McDougall: Mr. Chairman, we have made very clear the reasons why we are raising the sales tax. We are in a position of paying for programs that were bequeathed to us and we need to raise the revenue. We proceeded with the sales tax. I believe this has been well discussed in this House.

Mr. Keeper: Mr. Chairman, since the Minister has not directly answered my question as to what the impact will be on employment as a result of taking \$2 billion out of the pockets of Canadian consumers, I presume the Government has not examined the impact on employment by increasing the sales tax, particularly on construction materials, at this time. Will the Minister confirm that? Has the Government not examined the impact of an increase in the sales tax as it affects employment, particularly in light of the fact the Conservative Party ran on the promise of jobs, jobs, jobs?

Mrs. McDougall: Mr. Chairman, our assessments indicate that the impact on consumers is relatively modest and that a large part of the sales tax increase falls on imported goods. Therefore, there will be some modest benefit to Canadian business competitively and the consumer will not be that much worse off.

Mr. Keeper: Mr. Chairman, is the Minister willing to share the analysis upon which she makes the assertion that an increase in the sales tax in the order of \$2 billion will have a minimal impact on employment and consumers at this time? Does she have an analysis upon which she makes that assertion and is she willing to table the study on which she makes the assertion?

Mrs. McDougall: Mr. Chairman, considering that items such as food, clothing and footwear are exempted from the sales tax increase, I thought it would be fairly clear to the Hon. Member that the injury to the consumer will be very modest.

Mr. Keeper: Mr. Chairman, when the Minister says that the impact will be minimal, is she saying that a 1 per cent federal sales tax increase on construction materials, for example, will have no visible impact on construction activity in this country or with regard to employment? Is she saying that when the sales tax is increased by \$2 billion at a time when people are pressed for money in order to make ends meet, people will not suffer as a result?

● (1620)

Mrs. McDougall: Mr. Chairman, no one likes tax increases. We would have preferred not to be in the position of introducing this tax increase. We have made the best judgments that we can so that the impact will be minimal. I cannot see that we can say much more on this topic.

Mr. Keeper: Mr. Chairman, I have a final supplementary question to ask the Minister. She says that they are reluctant to introduce a tax increase. I wonder if she is aware that the tax increase that she is introducing to the House is the same tax increase that was introduced by the Liberal Government when it was in office, that she is in fact implementing Liberal tax policy here today and that her Party, while in opposition, described this sales tax increase as a huge, regressive tax bite. How can the Minister raise taxes for people, though she says reluctantly—

The Deputy Chairman: Order, please.

Mr. Keeper: How can she say one thing in opposition and another when in office?

The Deputy Chairman: Order, please. I hope the Hon. Member would remain relevant to the clause. That is not relevant to the clause. I will recognize another very short supplementary question.

Mr. Keeper: Mr. Chairman, are you saying that the tax increase is not relevant to the clause?