

*Excise Tax Act*

sure the Solicitor General would agree that these are rather primitive and inexpensive facilities. These are the facilities provided to the people who under the terms of this bill will pay the most per capita for their air travel.

As this bill is drafted, the people who receive the least will pay the most. I submit that the minister ought to concede this is not a fair principle of taxation to apply to Canadians or, for that matter, to any other people. I hope the minister will take some of these matters into consideration. I recognize this is a rather unusual bill because it will not go before a standing committee of the House. It is the kind of proposition which should be studied by a standing or special committee of the House so that those most concerned in its details or application could make their voices heard. I have simply attempted to bring out some of the facets of the bill as it now stands. This measure will affect a very large percentage of the people whom I represent in this House, people who have no means of travel other than air, which is a very expensive mode of travel.

**Mr. Lundrigan:** Mr. Chairman, I should like to ask a question of the minister in respect of this clause. The minister indicated certain carriers which will be exempt from the tax. Having listened to the hon. member for Churchill and the hon. member for Comox-Alberni I am more convinced than ever that a large number of people in areas in which air transportation is the only means of transportation will bear the brunt of the tax burden. I am sure the officials of the department have made surveys. Would the minister indicate what surveys have been made in respect of the towns and communities in Canada which have only air services? I am thinking of places like Lac-la-Biche in Alberta, Wabush in Labrador, and Newfoundland which depend heavily on air transportation.

In Toronto, for example, a person very well might not find it necessary in his lifetime to spend five cents on air transportation, but any one who lives in Wabush has no alternative. If people in that area wish to move, they pretty well have to fly. I visited Lac-la-Biche, Alberta, a few months ago. If I am not mistaken, air travel is the only means of transportation to that growing community. We will assume that the bill did not grow out of a vacuum, and that the government has investigated the impact of this legislation and has ascertained who will pay the tax and in what amount. What surveys have been made of

areas which have only air transportation, and how much in the form of generated revenue will these people pay per capita?

**Mr. Gray:** Mr. Chairman, I do not think the studies which led to the proposal in the budget speech, and the studies which followed it when the bill was being prepared, were carried out in exactly the form suggested by my hon. friend. I can assure him and the hon. member for Comox-Alberni that the bill was not drafted in a vacuum. I understand that prior to the bill being put in its final form for presentation to the House there was consultation with the Air Transport Association of Canada, which represents a very substantial number of carriers of various types in Canada.

• (4:10 p.m.)

There were consultations with major Canadian airlines such as Air Canada and CPA. There were consultations with the International Air Transport Association and also with officials of the Department of Transport who, I presume, would be reasonably well informed about matters connected with air transport in all parts of the country. So far as determining the impact of the tax is concerned, since it is a percentage tax, and *ad valorem* tax, it is easy in one way to determine it by applying the percentage to the cost of a ticket. Therefore, anyone can determine the impact on a person travelling from any particular point by applying the percentage. I do not think the studies with respect to the bill were developed on a per capita basis, at least those that I am aware of, but rather were along the lines I have outlined.

While my hon. friend and the hon. member for Comox-Alberni were speaking it occurred to me that in considering this situation there is some relevance in the situation now faced by those who travel by car. People who travel by car have to pay a tax on the gasoline they purchase. I could not compute it exactly while sitting here, but it would certainly be in excess of 5 per cent of the price they pay per gallon, and the farther they travel, the more gallons they buy and the more tax they pay.

**Mr. Lambert (Edmonton West):** Yes, but that is a road tax.

**Mr. Gray:** Yes, but just a minute. Therefore, if Parliament accepts the proposal for this tax, people will be paying a tax on the amount they have to pay for the ticket they buy to travel by air, including those who cannot travel in any other way; but here they