

Excise

● (1240)

This is a very simple and regularly used procedure. But will there be a tax payable? There is no ticket issue, but the air carrier is authorized by the Canadian Transport Commission to operate as an air carrier or as a commercial air service. I suggest that the privately-owned subsidiary company of which I have spoken has been licensed and authorized as an air carrier and will therefore be caught by this transportation tax.

I notice, also, that the collection will be made at the retail level and there must be monthly remittances to the Crown as in the case of all other taxes. These will add substantially to the costs of operating travel agencies and others handling the tickets. Who will pay the tax collector? The consumer, of course. On the one hand the government is giving encouragement to transportation, and on the other it is giving it a kick in the teeth. We could use all sorts of metaphors. We remove the sales tax from commercial aircraft, but we also impose a tax to satisfy some of the demands of the Department of Transport.

This tax is to be used even at airports not operated by the Department of Transport, and here is the switch in the thinking of that department, because when this tax was proposed initially it was to alleviate the losses and costs of operating MOT-operated airports. I say "nonsense," Mr. Speaker. This tax will apply in many instances when an MOT airport is not used but, rather, municipal airports which get nothing from MOT. All that is happening is that the Minister of Transport, through the Minister of Finance, is asking residents flying in Canada to pay a tax because he is going to splice some air space on the way through.

The government must come clean in this regard in that the tax, as I say, was proposed in order to alleviate the costs of operating MOT airports, and no more. I have letters that say it will now be used to defray most departmental expenses with regard to air. Unfortunately, the Minister of Finance does not write letters to his colleagues but I have letters from the Minister of Transport indicating the purposes and how this tax will be used. In so far as the frontiers are concerned, that is where the impact of the tax is even more unjustifiable. I do not mind paying a user tax for Toronto international, Montreal international and, to a lesser degree, here in Ottawa, because this is more of a cattle station than are the others, as well as some other airports across the country. But when I see the facilities that the people in the frontier areas have to put up with, and know this is their only means of communication, I think the tax could be an absolute injustice.

I hope to hear the hon. member for Northwest Territories (Mr. Firth) say what he thinks about this tax. I do not think it will be printable, even though he is a mild sort of man, because for people in the Yukon, the Northwest Territories, northern Quebec and many frontier areas of Canada this tax should be known as "sock it to them" because it imposes a substantial increase in the cost of their essential transportation. I hope the minister can see his way clear to exempt the frontier areas from this tax.

One area in which I had hoped to see the minister move was a change in the definition of "small manufacturer" so as to raise the value of goods manufactured to be in excess of \$3,000. Unless my memory serves me incorrectly, the

[Mr. Lambert (Edmonton West).]

\$3,000 limitation still exists for the exemption certificate of the small manufacturer. Of course, today he cannot turn around in a shop and produce less than \$3,000 worth of goods. I do not see that there is any encouragement here. I do not see why the minister did not increase that sum to \$5,000 or \$6,000 if he really wants to assist small business to develop.

I was very pleased to see the minister act promptly on a good precedent with regard to the removal of the sales tax on heavy trucks and transportation equipment that is in inventory, but when he says "in inventory", is he also including "in transit"—vehicles discharged by the manufacturer and in transit on November 18? I do not know how much that would represent, but in many instances it might be something to consider. I say that because I am looking in particular at the distributor or dealer who is independent of the manufacturer. We know that some manufacturers of heavy trucks and transportation equipment have their own agencies with the employees of the parent company. I can cite some, if need be. There has been no passing of title and, in fact, no sales tax paid on inventory because there has not been a disposition of the vehicle, and the time limit within which the tax is paid after completion of production of the item has not elapsed.

However, on the other hand, with the majority of manufacturers' title in the commodity having passed to a financing company or maybe a related company, either a transport company or a dealer, the sales tax is levied on the unit in question as at the time of transfer of title. Naturally, this created some difficulties as between the type of dealership and I was very pleased to see the minister make this change. However, I hope that in his answer to us he will indicate the procedure that will be followed. Are the applications for rebate to be made through the manufacturer, as they were in 1961 in the case of the automobile rebate on inventories of the special excise tax that was then remitted? This may be the safest procedure to avoid the necessity of dealing with umpteen thousand dealers.

● (1250)

I have mentioned those matters which I felt I should draw to the attention of the House. We will consider other items in detail; my colleagues wish to make their contributions on particular points. I hope that we can consider the clauses of the bill this afternoon and, hopefully, pass the bill by four o'clock.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I am pleased to see that the minister, under Bill C-40, is to increase the tax on hard liquor and wine but not increase the tax on beer, the champagne of the working class. That is one of the progressive features of the bill and I am glad the minister has recognized a basic fact in our society. The bill will introduce a whole series of changes and create new taxes. There are to be amendments to the Excise Tax Act and to the Excise Act. In addition to increasing the tax on hard liquor, the government is to increase the tax on cigarettes, cigars, and certain items used for transportation.

The point made initially by the hon. member for Edmonton West (Mr. Lambert) was a good one, namely, that we should consider looking at the impact of taxes on our