

Excise Tax Act

plying between isolated points and areas of greater population, would suffer a penalty as a result of this *ad valorem* tax.

● (3:50 p.m.)

In the majority of cases the small aircraft used to convey people and goods out of the North and other peripheral areas of Canada fly only part of a longer journey; they fly to places such as Edmonton, Churchill or Calgary where the passengers then board other aircraft operated by Air Canada or CPA to complete their journeys. These people will be penalized by having to pay this *ad valorem* tax. We must remember that the cost to these people is a great deal more on long flights whether or not it is broken down into two or three strips on different air carriers. This is particularly true if they are travelling to Toronto or Montreal; the expense involved is much greater than it is to the people who live in the more populated areas of Canada.

Let me remind hon. members of the application before the Transport Commission in respect of passenger services in western Canada. These people who as a result of their isolation from the major cities of Canada have to travel to eastern Canada on business, will have to pay more. The nature of their business demands that they travel by air. This *ad valorem* tax will discriminate against them. There are many other arguments that could be made, but at this time I should just like to support my colleagues in objecting to what I feel is a discriminatory measure. I support a per capita tax but not an *ad valorem* tax.

Mr. Barnett: Mr. Chairman, I heard the hon. member for Churchill say that he did not want to argue with the minister. After listening to the replies of the minister I feel more and more inclined to argue with him. This bill was obviously drafted in a vacuum at the Department of Finance, without any real understanding of air travel in Canada.

Let us go back to the beginnings of this bill. I remember when the then Minister of Transport, now the president of the Canadian Transport Commission, discussed the principles of the Transportation Act in this House. He spoke about the idea of user charges; in other words, that the people using transportation facilities provided out of public funds should within reason be required to pay for that use. There may not be a great deal of quarrel among members of the House on that principle, but there may be argument as to how and when it should be applied.

When one looks at this bill with the idea that it embodies a flat percentage charge on the amount paid for air transportation in Canada, you begin to realize how completely inequitable it is. I could see some ground in equity for this principle if it were applied to class 1 airlines operating on major airline routes in Canada. We have heard a lot from the Minister of Transport about the increasing costs of operating and developing major air terminals in Canada. Any one of us who has had occasion to use the existing services can visualize what will be required because of the advent of jumbo jets. If the spokesmen of the Department of Transport are talking about these things, they make some sense. When you refer to the users of class 3 airline services, as this bill does, and put them in the same class as users of class 1 services it should be apparent, even to the minister from a metropolitan region of Ontario who is piloting this bill through the House, just how absurd and ridiculous it is.

I could bring into this chamber a whole stack of correspondence from my constituents. They invariably argue about airlines rates. I received one letter recently which was generated by the air transport committee. My constituent documented evidence in support of the fact that in some parts of Canada you can travel 2,000 miles by air for what it costs my constituents to travel 200 miles by air. This means that the people who are travelling 200 miles between small communities in my constituency have to pay the same tax as those who travel by air from Vancouver to Winnipeg.

The operators using small planes have a greater understanding of this situation, and they point out that the economics of their operation is such that it is essential the rate per mile be greater. This is particularly so of a plane carrying passengers on a route with stops at 20 mile intervals, when compared with one operating on a 2,000 mile route with no interval stops and carrying ten, 15 or 20 times the number of passengers.

The more one examines this principle of a percentage tax levied across the board on the amount paid, the more apparent it becomes that this bill is a completely inequitable approach when dealing with a problem for which most members of this House have sympathy. This problem was outlined previously by the Minister of Transport. Apparently the Minister of Transport has suggested to the cabinet that there is a case to be made for a user charge in respect of the rising cost of providing and maintaining terminal facilities