

*Excise Tax Act*

**The Deputy Chairman:** The understanding was that we would carry clause 1 at the end of the study of its various parts.

**Mr. Lambert (Edmonton West):** I am sorry, Mr. Chairman. The understanding was that we would carry each part, and that we would carry them as we go. This was the clear understanding.

**Mr. Gray:** Mr. Chairman, perhaps we should have taken a moment to raise this matter again when Your Honour were called upon to occupy the chair. My hon. friend is quite correct; this is something we had agreed on at the opening of our discussion.

• (5:40 p.m.)

Paragraph 10 of Clause 1 agreed to: Yeas, 54; nays, 52.

Paragraphs 11 to 17, inclusive, of Clause 1 agreed to.

On paragraph 18—*Regulations*

**Mr. Lambert (Edmonton West):** I have one question on paragraph 18, Mr. Chairman. It gives power to the Governor in Council to pass regulations. Would the minister kindly inform us, in respect of subparagraph (c), what is the intention or the purpose of the power of exemption of any group or type of transportation?

**Mr. Gray:** Mr. Chairman, this provision is necessary because of the complications inherent in describing who shall be liable for collecting the proposed tax, and to avoid problems of possible double taxation, and so on, because of the existence of similar taxes in the United States on flights going between the two countries. It is generally considered advisable to have this power to deal with enforcement complications, which may arise in the application of a new and previously unknown tax. I think that is about the best way of summarizing some of the purposes of the proposed new section.

Paragraph 18 of clause 1 agreed to.

Paragraph 19 of clause 1 agreed to.

Clause 1 agreed to.

Clauses 2 to 7 inclusive agreed to.

Title agreed to.

Bill reported.

**Hon. Herb Gray (for the Minister of Finance)** moved that the bill be read the third time and do pass.

[Mr. Lambert (Edmonton West).]

**Hon. Marcel Lambert (Edmonton West):** Mr. Speaker, I make no apology for speaking for some time at this stage of the bill. This is a tax bill carried forward from the last June budget. The participation of hon. members on all sides has demonstrated the opposition of this tax. There have been many arguments advanced for it, but with the greatest respect to the Minister without Portfolio (Mr. Gray), we still do not accept his argument that an *ad valorem* tax is a just type of tax for this particular purpose.

**Some hon. Members:** Hear, hear.

**Mr. Lambert (Edmonton West):** This is the crux of the matter. In the discussion on paragraph 8 of clause 1 the minister tried to alleviate some of the concern expressed for those in remote areas and some of the smaller services, but he has not in any way contributed to the justice of the government's position with regard to people in isolated areas. As far as the government is concerned, one would think that air travel applied only to central Canada and the cities on the southern plains. But air service is important to people in the developing communities of this country, the Northwest Territories, Yukon, Labrador, northern Quebec and northern Ontario, where the sole source of effective transportation is by air. We all know that the rate per air mile is higher for these people than those in the southern parts of the country and central Canada. The application of an *ad valorem* tax merely increases the burden on these people.

• (5:50 p.m.)

As you know, Mr. Speaker, the citizens of Yellowknife and communities down the Mackenzie River and on the Arctic coast are not serviced by small aircraft which are exempt under clause 1, paragraph 8(a) of the bill. These people use regular services. For instance, Quebecair goes all the way to Churchill Falls and Pacific Western Airlines goes down the Mackenzie River and out to the Arctic coast. Jet aircraft are used. All these services are being caught by this provision.

I am not saying they should be totally exempted, although some of them might argue they should be because of the increased cost of living in remote areas. Let me assure hon. members that the cost of living in those areas is fantastically higher than it is here because of the enormous cost of moving goods into remote settlements. Yet here, from our comfortable pew of southern Canada, we are telling these people, "We are going to add