

*Excise Tax Act*

Canada. The air mile rate for tickets is much higher. I know this because I have flown into the Northwest Territories. When flying an equal distance on the prairies, the rate is much lower.

The people in the north have no other means of transportation, so the government says, "Sock it to them". I know that phrase is loved by some people on the government side. I am speaking of the people in the frontier areas, which we are trying to develop and where there is no other means of transportation. I invite hon. members from central Canada, who may have just a nodding acquaintance with this subject, to place themselves in the same position in order to see what their reaction would be.

I suggest a far more equitable tax would be a flat rate departure tax, the mechanics of which could readily be worked out. We would then have a much wider base. The citizens of Inuvik, Fort Norman, Fort Simpson and Yellowknife pay a proportionately higher tax because the government insists it wants to use this administratively easy 5 per cent tax figure. It is on behalf of those people that we want to fight.

We are glad to see the minister has been able to explain that much of the flying activity in the north and our frontier lands will not be subject to this tax by reason of the type of aircraft in use, but the scheduled passenger services into these areas are definitely caught by the tax. The Pacific Western service which operates in the Mackenzie River valley to Rankin Inlet, north of Yellowknife, is an example of this. This argument also applies to airlines flying into Labrador and Churchill Falls. I cannot understand why the government is insisting upon loading onto these people an additional proportion of the tax burden. They have a tough enough time as it is. I invite hon. members from the government side to visit these areas to see just what they are like.

**Mr. Skoreyko:** Mr. Chairman, I wish to ask the minister a few questions. Like the hon. member for Edmonton West, I am concerned about the situation regarding the Northwest Territories and what this tax will do to those people whose only contact with the outside world is the airlines. For instance, if we look at the fare from Edmonton to Inuvik we see that it is somewhat more than the fare from Edmonton to Ottawa, and yet there are other means of commuting between those last two cities. If you go into the north country, the only way you can travel is by air.

[Mr. Lambert (Edmonton West).]

I know the minister has attempted on a number of occasions to answer this question, but I ask why he needs this additional revenue. Some years ago \$32 million was spent in the city of Edmonton on an airport facility, yet on almost every occasion a foreign carrier applied for permission to use that facility, the Air Transport Commission placed obstacles in the way of their use of it. I do not know whether this was designed to protect Air Canada, but I do not think it is fair.

I think the proposed 5 per cent tax is both punitive and discriminatory. It is punitive in the sense it penalizes those people who have to rely completely on air services. I refer primarily to the people of the north. It is discriminatory of certain sections of the country, for instance western Canada where the entire business community must of necessity communicate with Toronto and Montreal where the manufacturing establishments and financial institutions are located. Travel to these points is a necessity; the air fare is high, and this tax will not help the businessman who was slapped recently with a 3 per cent surtax. The white paper indicates he is going to be whacked again. I ask the government when it is going to get off the tax spree we have been on since the last election.

I want to point out once again that most of the burden of this tax will penalize those people who in a year or two will be penalized under the taxation measures proposed in the white paper. I think the most equitable way of raising the revenue that the government seems to need is, as the hon. member for Edmonton West pointed out, by way of a departure tax of \$1 or \$2 a head on those travelling from the airport terminal.

A year or two ago the international airport in Edmonton imposed \$1 a head charge for every passenger using that facility. Nobody complained about it. A great number of passengers use the air facilities across Canada, and they could provide sufficient revenue to meet the minister's requirements. Such a tax would be more equitable than the 5 per cent tax proposed by the government.

I wish to ask the minister one more question: Why is it that on top of the recent increase in Air Canada fares the government is going to impose an additional 5 per cent? The economy air fare from Edmonton to Ottawa used to be \$96 and it is now \$106. I feel the small businessman who must of necessity travel to eastern Canada is being penalized rather unfairly. Does the minister not agree?