

Income Tax

—where the employer or the person related to the employer owned the automobile at any time in the year, an amount in respect of its cost to the employer equal to the percentage thereof obtained when 2 per cent is multiplied by the quotient obtained when such of the aggregate number days hereinbefore referred to as were days during which the employer or the person related to the employer owned the automobile is divided by 30 (except that if the quotient so obtained is not a full number and exceeds one it shall be taken to the nearest full number or, if there is no nearest full number, then to the full number next below it), or—

Then comes the next Clause. As I say, I am not a total illiterate in the English language, but I cannot understand that. It is supposed to be an attack on employee benefits so that an employee can no longer use this dodge or an employer cannot provide for an employee a dodge regarding the use of an automobile.

Mr. Thacker: That is called an incentive.

Mr. Friesen: Yes, that was the incentive. One thing is sure. Most taxpayers in Canada will not understand that if they read it. They do not know what are their rights. They do not know what are legitimate deductions for them. Thus they are confused and have to find accountants who in turn, find a whole barrage of accountants to help them interpret it, and all of them will disagree. The Government has created a whole new cottage industry for Canada; it is no longer a cottage industry, it is actually a major industry in Canada. This was all in the name of ensuring that the Government could get everything it could. It was written in that obscure language for fear that some guy would slip through the net.

The bottom line is that the tax law now indicates that the taxes on a car will be always adjudged to be new; it will never depreciate. If I could find a car made in North America which never depreciates, I would like to get one. I think I would pay above market value for it. The tax Department does not see the car as depreciating, so the person who gets that benefit or incentive from the employer is punished for taking it, because he will now be taxed for several years on a car which is old. Who would be crazy enough to do that? The whole thing is based on the fact that the taxpayer has no rights; it all belongs to the Government except—

Mr. Deputy Speaker: I regret to interrupt the Hon. Member but his allotted time has expired.

Mr. J. R. Ellis (Prince Edward-Hastings): Mr. Speaker, I congratulate the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen). I want to tell him that of course the Government never intended that he or anyone else should understand the language of this Bill. I am particularly pleased to follow the Hon. Member for Vegreville (Mr. Mazankowski) who dealt with some of the complexities of this piece of legislation. As a matter of fact, for a moment, since we had not discussed it, I thought he might have headed off in the direction which I intend to take with regard to Bill C-139.

The area with which I want to deal is a complex one, that is, the impact of this piece of legislation on the air transport industry. I would like to begin by saying very bluntly that the viability of the Canadian airline industry will be jeopardized by the imposition of further economic constraint as proposed by amendments in Bill C-139. Specifically, I want to point out

that Clause 38, Sub-sections 2, 3 and 5 and Clauses 123 and 125 of the Bill, in conjunction with the National Energy Board Act and the Energy Administration Act, are of particular concern. The House will recall the ill considered provisions of the transportation fuel compensation recovery charge provision of the October, 1980 budget which applied during the period from May 1, 1981 to January 1, 1982. One stated reason for the imposition was to protect cheap domestic oil resources from being tankered by foreign carriers. That charge was rescinded in order to avoid arbitration under Canada's bilateral air agreements to establish that it was a breach of such treaty obligations. Money collected was repaid to foreign air carriers initially. Later, in recognition of the difficult financial situation of the Canadian air transport industry, that industry was also forgiven the levy.

● (1710)

I understand that this Bill will be referred to the Committee of the Whole. This will specifically exclude any representatives from the air transportation industry from having any input into the deliberations on the Bill. It is possible, because of the complex interrelationship with the National Energy Board Act, as I have pointed out, and the Energy Administration Act, that without a thorough examination of these amendments as they apply to the airline industry, the adverse effects may go unnoted during the debate.

The urgency for passage of the Bill for every tax paying Canadian is very clear. This, however, cannot contribute to derogation of the duty to protect the Canadian public from the significantly adverse effect of the proposed clauses about which I am talking. I am convinced that the public interest will be served only if the offending clauses, none of which directly affect the public, are referred to the Standing Committee on Finance, Trade and Economic Affairs where a thorough hearing can include the opportunity for spokesmen from the Canadian airline industry to document the detrimental effects of the legislation as proposed.

During the Committee of the Whole I will attempt to have those few clauses withdrawn and referred.

We now have the situation where the Government seeks to put in place a new system of tax, clearly identified as such by the remarks of the Minister of Finance (Mr. Lalonde) in this House on November 8, 1982, to continue the inequities of the compensation recovery charge, which I mentioned a moment ago. The Canadian air transport industry is in more difficult circumstances now than it was then. It is in no position to assume an additional financial burden. Newspapers are full of ads of airlines selling seats at discount rates in an attempt to keep some manner of business. We know that airlines have dropped certain cities from their itineraries. We know the pinch is being felt by all in the Canadian air transport industry. Furthermore, the need to protect Canadian resources no longer exists as world oil prices have not risen as anticipated, and indeed may fall still lower.