

*Excise Tax Act*

equality of cost per mile of air travel. By trying to draw a parallel between the gasoline tax and the tax we are now considering, he underscored the argument I was making.

The minister told us that various bodies, organizations and firms were consulted in the drafting of this legislation. May I suggest, and this is not meant to be a criticism, that though airlines and airline organizations are probably concerned about the administrative difficulties of collecting and remitting this tax to the government, their attitude will be, "This is no skin off our nose. We shall simply add 5 per cent to the fare and send that amount to the government." The tax will not cost the airlines anything except that they may lose by being less competitive with other forms of transportation.

I emphasize again that this makes all the more evident the correctness of the arguments some of us have been advancing. This tax will rest most unfairly on those who have no alternate form of transportation, in other words, on those who are captives of the airline carriers and must fly or stay put. I therefore submit that the minister's arguments fall to the ground. If the minister insists on proceeding with this basic approach to taxation, I request him to reconsider the definition of the classes of air service which are to be included under the definition of certified air carrier, in order to eliminate some of the gross inequities of the proposed tax.

**Mr. Lundrigan:** Mr. Chairman, I wish to pursue the matter a little further because I am sure the minister is not reading me properly or is affected by an instrument malfunction, so to speak. Perhaps I am not hearing him properly, or perhaps a combination of both factors is causing difficulty.

In so many words, the minister has been telling us that the government does not know who will pay the tax. I am generalizing, of course. We heard several statements about the incidence of taxation, where the greater burden of taxation would fall, and had a small lecture on the theories of taxation. Nevertheless, it still seems that the government does not know which Canadians will pay the tax we are discussing. I cannot accept this because I am sure the minister has available to him statistics showing whether people in airport towns, for instance, use airport facilities and fly more often than people who do not live in airport towns. He must have available to him statistics about the amount of flying done in this country, the percentage of that flying which is to be attributed to

people living in small, isolated communities where air transport is the only mode of travel, the types of people who use aircraft and air travel facilities most frequently—whether they are small businessmen, students or others—and the percentage of the Canadian people utilizing our air services. I am sure these statistics are available. I am pursuing this matter because I would like the minister to answer my question.

**Mr. Gray:** Mr. Chairman—

**Mr. Lundrigan:** Mr. Chairman, I have not yet asked my question. I want the minister to tell me—and I assume that this tax will increase regional disparities in Canada—what impact it will have on those who live in small, isolated communities that must rely on air travel. For example, at Churchill Falls, which will be one of the wonders of the world when it is completed, approximately 6,000 people working there can come to the site and leave it only by air. That is the only mode of travel. They go there from all parts of Quebec as well as from Newfoundland and other parts of the Maritimes. Being normal men who like to see their families, they fly back and forth several times a year. By the end of the year they have flown into and out of the Churchill Falls project at least five or six times and have spent \$200 or \$300 each time, depending upon whether they are travelling to Quebec, Newfoundland or the Maritimes. I emphasize that these 6,000 people live and work in an isolated community and they can get in and out of the work site only by air.

Surely the minister realizes that some communities rely upon air transport, and that this tax will add to their burden. I am afraid the people who live in isolated communities and must use air services will be paying a great bulk of the \$20 million this tax is expected to generate. The government does not know who will pay the tax. How does it expect the 264 representatives of the people of Canada to vote for it? How can the government expect our support of this bill? My question is simple: Who is going to pay the tax?

• (4:40 p.m.)

**Mr. Lambert (Edmonton West):** Mr. Chairman, I think the minister has missed one point. As was pointed out by my colleague the hon. member for Gander-Twillingate, for people in communities such as Churchill Falls, Yellowknife, Inuvik and all the areas of the north the rate structure is much higher than it is for those in the southern part of