

*Excise Tax Act*

rudimentary. There may be a dock; there will certainly be a radio connection, but that is about all. There will be a dock at the point of departure but from there on the aircraft land on floats. The Department of Transport provides few or no services. If these people have to pay an additional 5 per cent of whatever may be the transportation fee in outlying areas, where the fee is already very high, I would invite the minister and the officials of the department to become absorbed in a program of that type and find out how long they would refrain from protesting against such an obvious injustice. I am referring to equating a service of this type with that of a scheduled transport service provided by one of the major air carriers.

**Mr. Gray:** It is my understanding that the effect of the exclusion from the definition of certified air carrier would mean that at the very least a substantial proportion of air travel in isolated areas would not be subject to this tax. Perhaps it would be appropriate if I were to read into the record a list of the types of carriers excluded from the definition of certified air carrier; it might help to clear the air in this area of concern. This is the list of types of carrier excluded from the definition of certified air carrier: Class 4 not in groups AA and A.

These are carriers authorized to operate a charter service in Canada by means of aircraft with a maximum authorized take-off weight of less than 18,000 pounds. This would exclude from the definition of certified air carrier a wide range of aircraft used for charter services in the north, including Otter, Twin Otter, Beaver, Norseman, Skyvan and Gruman Goose aircraft as well as virtually all helicopters now in use.

The next is class 5. These are carriers authorized to operate a contract commercial air service, being the transportation of persons or goods by air solely in accordance with one or more specific contracts. An example would be Hollinger Ungava Air Transport which was set up by the Iron Ore Company of Canada to transport freight and individuals by air during the construction of the railway to its iron ore project in Quebec and Labrador. Another example would be Hudson's Bay Air Transport Limited. These carriers must serve one or a group of related companies. I understand there are not many of these carriers.

Next is class 6. These are carriers authorized to operate a flying club commercial air service, being an air service providing flying

training and recreational flying to the members of clubs incorporated as non-profit organizations.

Then class 7. These are carriers authorized to operate a specialty service such as crop-dusting, aerial surveys, fire-fighting.

The next is class 9-5. These are international, non-scheduled air carriers authorized to operate between Canada and any other state a commercial service in accordance with one or more specific contracts. An example is Hudson's Bay Air Transport Limited.

Then there is class 9-7. There are international, non-scheduled air carriers authorized to operate between Canada and any other state a specialty air service. I understand there are very few of these.

**Mr. Simpson:** Mr. Chairman, although I am pleased to hear the minister outline some of the types of air carriers which would be exempt from this tax, I still assert that in many respects this is discriminatory legislation as far as people living in isolated areas of northern Canada are concerned. The minister has endeavoured to show that in a large number of these communities the air transportation of passengers is carried out by means of planes of the smaller type, and generally this is so. However, he should remember that we do enjoy regular scheduled flights; this is the case in my own province of Manitoba, at least. Passengers have the choice between air transportation or an exceedingly long train journey when they wish to reach the more populated areas of the province. Fares are high enough as it is, yet here we find a tax being imposed on people who are pretty well obliged to use the type of transportation we are now considering. The minister pointed out that in many of these outlying places only the smaller type of plane is used.

• (3:40 p.m.)

In many isolated areas of northern Manitoba the province has constructed, at its own expense, landing-strips that are capable of handling fairly large aircraft, aircraft which, I can assure the minister, are capable of carrying more than 18,000 pounds. This 5 per cent tax will go into the federal treasury, and I presume the Department of Transport will reap some benefit from it through the estimates.

During the course of the last seven years we have been requesting the Department of Transport to assist in the construction of air-strips in these isolated and outlying areas of northern Manitoba, but without success.