

Income Tax Act and Related Acts

Some Hon. Members: On division.

Motion (Mr. Murphy) negatived.

Mr. Deputy Speaker: The next question is on the amendment. Debate.

Mr. Les Benjamin (Regina West): Mr. Speaker, I rise to complete the second stage of my debate.

Mr. Forrestall: Yes, you said you would keep us here until Christmas.

Mr. Benjamin: I will do the 10 minutes on the amendment if you do not mind.

Mr. Forrestall: It is becoming boring.

Mr. Benjamin: I want to raise another matter concerning tax reform and deregulation in the free trade deal which has been festering for months now. Much has been made in the discussions and debate in this House and in the country about privatization, deregulation, free trade, and having a level playing field. It is nice to have a level playing field but what is happening now, before this Bill is passed, before deregulation is fully in place, before the trade deal is in effect, is that we have a level playing field and the other guy has the ball on our 10-yard line. In this case I want to refer to what is happening in transportation, particularly the trucking industry and the railroads.

With the passage of the National Transportation Act, the Motor Vehicle Transportation Act and with the passage of this tax legislation, we will have a situation where Canadian trucking companies will establish profit centres, or whatever they call them in the U.S. This is happening already.

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CP Transport has already bought three American companies and closed its biggest Canadian general freight companies. Several Canadian trucking companies are leasing their tractors and trailers in the United States. This is partly because of the Motor Vehicle Transportation Act. We were assured that the purpose of that Act was to get a uniform code of regulations in the 10 provinces and the two Territories at the national level. There is now more chaos than ever before. All you need do is ask the Canadian Trucking Association or any individual trucking company, large or small, anywhere in Canada.

Why is that happening, Mr. Speaker? Let us refer back to the level playing field. Under the so-called tax reform of the Government, a Canadian trucker would be crazy to keep his operation headquartered in Canada. The Conference Board reports that the difference between fuel taxes in the States of New York and Illinois as compared to Ontario, where most of the big trucking operations are located, is the main culprit. The Government proposes to move to a sales tax regime. The Conference Board points out that the difference between the sales taxes and the difference between the corporation taxes means that the Canadian trucking industry is at a severe

disadvantage under both this tax Bill and the Motor Vehicle Transportation Act—deregulation.

In the United States a trucking company's tractor is considered three-year property and they can write it off in three years. The trailer is five-year property and they write it off in five years. A Canadian trucker, under Canadian tax law and under this tax reform Bill, has to take seven, eight, or 10 years to write off his equipment.

When you add the differences in the fuel taxes to the depreciation provisions of the tax laws, both state and national in the United States and provincial and federal in Canada, you would be crazy to keep your business headquartered in Canada. People in the trucking industry tell me that many of them have already moved, are in the process of moving, or are negotiating to merge with, buy up, or establish what they call a profit centre, and it will be south of the 49th parallel.

Not only is the playing field not level, the ball is on our 10-yard line and the other guy has it. That is not tax reform, that is not fair taxation. Unless the Government is prepared to amend our tax laws—and I don't give a darn how it does that, whether through rebates on fuel taxes for cross-border traffic or provisions for faster depreciation write-offs—the playing field remains unlevel and our smaller truckers go out of business and the bigger ones go across the border.

The case is similar in the railroads. United States railroads have fast tax write-offs on rolling stock. They have lower fuel taxes, as do the trucking companies there, and they do not allow competitive line rates. However, under our deregulation and tax law, that is allowed in Canada. American railroads can come into Canada and even use Canadian railroad tracks on competitive line rates. However, a Canadian railroad cannot go to the United States because neither the national American Government nor any of their 50 states allow competitive line rates. What are the Tories giving us? They are giving us a crock and it's full of you-know-what.

Not only is this totally unfair to major sectors of our transportation industry, it is driving them out of business in Canada or driving them out of Canada. That has to be the height of economic and social stupidity. Only the organizational genius of a Tory Government could arrange to do that. The Government handed \$23 million over to the provinces which are still running in 10 different directions. We are nowhere near a uniform code of safety, performance, and maintenance anywhere in Canada. That is what was promised by the Government.

My hon. friend sitting down the way to my right from the mountains of B.C. sat in the committee too and heard that. I invite him to call up the Canadian Truckers Association and ask about that. I dare him to do so.

Mr. Belsher: I have.