

Excise Tax Act

Mr. Turner (Ottawa-Carleton): Mr. Chairman, we weighed the effect of the tax on the economy and Canadians generally in the short term, as against the medium and long term necessity for it.

Mr. Stevens: Touching on another question, namely the airport transport tax, could the minister elaborate on what he said in the budget, namely, that the tax was required to cover deficits in the operational and construction side of airports in Canada? What is the relative shortfall he is referring to? How much is operational and how much is actually construction of airports in Canada?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, the hon. gentleman made his point on second reading. I mentioned in the budget speech that the increase represented by the air transport tax was essential to help lessen the heavy deficit in airport construction and operation. For example, the total air transportation program had an operating deficit—that is to say operating costs less revenue—of just over \$200 million in 1974-75. This deficit is for airports, air traffic services and en route navigation aids. It does not reflect any portion of capital cost. For airports only, the loss on operations for 1973-74 was \$105 million. This loss reflects full costs including depreciation. The loss for 1974-75 is likely to be significantly higher.

Furthermore, the public account for 1973-74, at page 26-16, showed net income for the airport revolving fund in that year of \$6.4 million. With the opening of Mirabel airport this year, this net income will disappear. In the current fiscal year, the revenue from the air transportation tax prior to the increase announced for August 1, 1975 was estimated at \$37 million. The increased revenue resulting from the tax increases effective August 1, 1975 is expected to generate additional revenue up to \$16 million. This revenue is necessary to offset costs for both revolving fund airports and all other airports.

Mr. Stevens: Now that the minister has familiarized us with these deficit figures and how they are arrived at, could he indicate if, faced with these deficit figures which presumably come from the Department of Transport, he inquired why our airports are operating so much in the red, especially when we realize that most if not all United States' airports operate profitably? Ours, operated by the federal government, appear to be getting more and more into a deficit position.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, without accepting that, I have been looking at the situation of the self-financing of airports. A direct reply to the question could more properly be proffered by my colleague. The hon. gentleman tried to take up that subject, or an allied subject, with me when we were discussing the Financial Guarantee Act, but the Minister of Transport could more properly answer it. With the over-all figures with which I am faced I felt, as did the Minister of Transport for whom I introduced this particular tax, that we ought to raise the air transportation tax.

Mr. Stevens: Mr. Chairman, may I assume that the minister accepted the deficit figures given him by the Minister of Transport without comment or question?

Mr. Turner (Ottawa-Carleton): No.

[Mr. Stevens.]

Mr. Stevens: To what extent did the minister question the Minister of Transport about the deficit? Did he ask him if he had reviewed the operation of United States airports to determine how they could run at a profit?

Mr. Turner (Ottawa-Carleton): I think the hon. gentleman understands that under the parliamentary system each minister replies for his own expenditures, and the over-all responsibility for expenditures lies with the President of the Treasury Board, while the over-all policy for this matter lies with the Minister of Transport. Under our parliamentary system of the collective responsibility of cabinet, my conversations with the Minister of Transport are privileged.

Mr. Stevens: Mr. Chairman, the minister indicated that the total revenue generated by this tax, if the bill is passed, would be about \$53 million. In view of the fact that the total amount in our current year's estimates for the construction of the Pickering airport is \$51.2 million, has the minister considered recommending that it be discontinued? In that way the \$53 million revenue that he contemplates raising by this tax would be saved this year and in future years.

Mr. Turner (Ottawa-Carleton): Mr. Chairman, that is not a subject I would be free to discuss at this stage in this committee.

Mr. Stevens: Mr. Chairman, the minister might not feel free to discuss it, but in answer to my question if consideration had been given to that type of offset I suggest, it is quite in order to answer. Was any consideration given, in the spirit of restraint, to keeping this tax down by simply saying "Let's forget Pickering"?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, I cannot elucidate on what I have already tried to indicate to the hon. gentleman.

Mr. Stevens: Coming back to the Turner ten cent gasoline tax, could the minister indicate—I have had dozens of letters from my constituents protesting this tax—in rough terms how many letters he received and how many said "Good boy, John, we like that ten cent tax" and how many stated in no uncertain terms that they feel it is inequitable and unfair?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, we get a good deal of mail after every budget. After the last budget it was not in excess of previous budgets. Some letters liked the budget and some letters did not like the budget.

Mr. Stevens: Knowing the administrative talent the minister has around him, I thought they would have calculated the number of letters about the ten cent tax and reported the number in favour and the number opposed?

Mr. Turner (Ottawa-Carleton): Mr. Chairman, let us be realistic—who the hell likes a tax? One does not expect to win a popularity contest by putting on any type of tax, particularly a visible one like a gasoline tax. Most of the people who wrote to me were satisfied with the explanation that it was in the interests of self-sufficiency, and of one national oil price for the country and was in the immediate and long term interests of the country.