

Excise Tax Act

to see that it did not work. They were unable to pull the wool over the eyes of the Canadian electorate as they had done on previous occasions.

The problem we are faced with now in government is to pay off those debts. We have to pay off the money that was spent trying to re-elect the Liberals. I am pleased to see that we are addressing that problem in a responsible manner and it is certainly my intention to vote for this Bill and get some of this Liberal legislation which burdens us all out of the way so that in the new year we can come in with our own new Progressive Conservative tax initiatives.

Mr. Riis: Mr. Speaker, I always appreciate hearing from the Hon. Member for the Western Arctic (Mr. Nickerson), particularly when he is very brief. Given the importance of air transportation in his constituency, does he support the tax increase on domestic air transportation from 8 per cent to 9 per cent? Does he think this is a good idea in order to generate more economic activity in his constituency?

Mr. Nickerson: Of course, no one likes tax increases. The unfortunate part is, for reasons I have already stated, that this is something we have to do although we would like not to do it. The Hon. Member should remember that for most of the trips taken by air in areas where there are no roads, usually by small aircraft, this tax will not be imposed. It will not be a burden for most of the people in the area that I represent, which the Hon. Member was so concerned about. They will not be obliged to pay that airline tax; they are exempt.

Mr. Murphy: Mr. Speaker, in his speech the Hon. Member mentioned that trappers would somehow benefit from the removal of the sales tax. Could he explain how that is going to happen?

Mr. Nickerson: Not from the sales tax but from the excise tax on fuel. The Minister of State for Finance tabled in this House just a matter of three days ago, I believe, Ways and Means motions which would extend the fuel tax rebate to trappers. That was presumably an oversight in the earlier Ways and Means motions but it certainly will be fair because trappers are also resource producers in Canada. It will be of great assistance in the constituency I represent and also in the constituency of the Hon. Member for Churchill (Mr. Murphy).

Mr. Fulton: Mr. Speaker, I wonder if the Hon. Member for Western Arctic (Mr. Nickerson) would like to touch on how much more regressive the 1 per cent sales tax increase will be in a constituency such as his as compared with the constituency of, for example, the Minister of Finance (Mr. Wilson). The price of most products, by the time they are available in Yellowknife or elsewhere north of 60, are substantially higher because of transportation, overhead and carrying costs. Whether we are talking about 80 cents for milk here as opposed to \$1.60 in the north, or anything else, perhaps the Hon. Member can give us some idea of how much more regressive that tax is in his area than in most other areas in the country.

Mr. Nickerson: The answer is very simple. It is proportionate. One per cent is 1 per cent wherever you live in the country.

Mr. Fulton: Mr. Speaker, I am not sure the Hon. Member wanted to answer the question so let me make it clear. If there is a 1 per cent increase in sales tax, you pay 1 cent more for an item costing \$1 in Toronto. If that same item costs \$2 in Yellowknife, then a 1 per cent increase in the sales tax is a 100 per cent leap above and beyond the increase in Toronto. The level of taxes that is being imposed on residents of the western Arctic is perhaps 50 to 100 per cent higher than elsewhere in the country. Has the Hon. Member sought some kind of exemption from the Minister of Finance regarding this regressive tax on his constituents?

● (1250)

Mr. Nickerson: Mr. Speaker, I would like to confirm the Hon. Member's arithmetic. Certainly 1 per cent of \$1 is one cent and 1 per cent of \$2 is two cents.

Mr. Riis: Mr. Speaker, I would like to continue along the line of questioning that the Hon. Member for Skeena (Mr. Fulton) was following. The Hon. Member for Skeena pointed out very clearly that increasing sales tax as a method of gaining revenue for the federal Government is discriminatory in two ways. It discriminates on a geographic basis against the people in more remote areas of Canada who pay, by definition, a much higher cost for goods and services. Therefore, the taxes they pay would be that much higher.

It also has an especially punitive aspect with regard to lower income people. One per cent on a commodity has a much greater punitive impact on a lower income earner than on a middle or high-income earner. Yet presumably he favours this type of taxation.

If he does not favour this, perhaps he could explain why the Government has not simply attempted to raise the \$3.1 billion through revisions to the corporate tax system, an area of the taxation system from which every progressive tax lawyer and tax accountant says there is a great deal of revenue to be derived. Can the Hon. Member explain why he supports a punitive tax system as opposed to a progressive corporate tax system?

Mr. Nickerson: Mr. Speaker, that was a serious question and I will try to answer it seriously. Any form of tax that is imposed by government will have some bad effect. There is no such thing as a perfect tax. That is why we have a mix of taxes in the Canadian system. We have income taxes on businesses, income taxes on individuals, sales taxes and excise taxes. By juggling them together we can hopefully achieve a system which is as fair as possible overall.

It is fair and reasonable to say that those people who pay the greatest amount of excise tax or sales tax will be those people in the higher income brackets who are making major purchases. If someone buys a Lincoln automobile he will be paying a lot more sales tax than someone who buys a Volk-