

*Excise Tax Act*

will be paying a lesser percentage than people who travel by car and who have to pay a certain percentage on each gallon of gas they use. I do not know if this example could be taken as a complete answer to the points raised by my hon. friend, but it appears that it might have some relevance in our study of the matter.

While I am on my feet I want to assure my hon. friend from Comox-Alberni that while discussions at other points in time before this committee or other committees of the House itself may have dealt with airports in particular, I am informed that the intent in dealing with the proceeds of this tax to take into consideration not just airports but also the other operations of the Department of Transport as well in the air services field. And as I believe my hon. friend himself said, while people in his area might not get exactly the same benefit as people in other areas from expenditures by the federal government on the construction of airports, certainly benefit from the services of the department in the field of air services administration, control of civil aviation air traffic control, radio aids to air and marine navigation and meteorological services. So even though they may have to fly in float-planes which weigh over 18,000 pounds and they have to pay this tax, they will benefit from the services I have outlined and will benefit increasingly to the extent these services are expanded.

I am not unmindful of the suggestion the hon. member has made in an informative and constructive way, and I will bear it in mind in any consultation with the departmental officials. One should not look at this matter simply in isolation, in terms of airports and runways alone, but in terms of services to air transportation provided by the Department of Transport.

**Mr. Baldwin:** Mr. Chairman, yesterday I raised the question of the automobile as a comparison to decide whether there is an equitable basis for the imposition of this tax. I think we are all agreed that there can never be complete equity in taxation, but it is our objective to try and arrive at a position as close to equity as possible.

As recorded at page 1242 of yesterday's *Hansard*, the minister said:

In the budget statement the Minister of Finance said that a further measure of budgetary significance arises out of a general policy to ask those who benefit directly from a service or facility provided by the government to pay charges more in line with the direct costs involved.

[Mr. Gray.]

He went on to quote the words of the Minister of Finance as recorded at page 9420 of *Hansard* for last session, as follows:

It is well known that our expenditures on the construction, equipment, operation and maintenance of airports and other air transport facilities are now very large. In the last fiscal year they are estimated at \$73 million. The revenue we obtain from user charges, rents, etc. of one kind and another related to airports and air transport facilities is far less—only about \$41 million—

Obviously we can think of this proposed \$21 million being used to try and close the gap. I suggested yesterday that there is a comparison here with people who use cars, but cars travel on highways. The highway is a facility which is provided by government, and the extent to which the driver of a car uses that facility is reflected in the amount of tax he pays. If he travels 1,000 miles, the amount he pays to one or more provincial governments will be in relation to his travel. But that is not the case with the tax now proposed by the government.

Consider the case of a man travelling between Peace River and Ottawa. His fare could well be in the order of \$300, so he would be paying \$15 tax and using three airports. A man who lives in Ottawa and makes 12 round trips over a short distance will use airports 24 times but will pay only the same tax, approximately. There is absolutely no equity in this situation.

Apparently the government is saying, "The ability of a person to pay a tax must be measured by the extent to which he can afford to buy an air ticket. If he can afford to pay \$300 for a ticket, that is the measure by which we will calculate his tax-paying capacity and we will charge him \$15." I may say that the figures which I am using are taken from memory. Short trip travellers will use airports a lot more than long trip travellers. In one case the airport is the facility provided, and in the other the road is the facility provided. But under these circumstances I do not think the same principle applies to both cases.

Yesterday the minister made what I think was his most valid point, at least from the point of view of a government, when he said there would be difficulty in collecting this tax. Maybe so, Mr. Chairman, but I have never found this government to have too much difficulty with its tax imposing capacity and its ability to collect taxes. If it has any trouble with poverty, it imposes a social development tax. If there is a problem with pollution, it will allow pollution or will impose a tax