

Excise Tax Act

know that the standard commercial carrier is by definition and classification covered in paragraph 8(a)(1). We also find there foreign air carriers which are authorized to operate in Canada, and that part gives no great difficulty. I am wondering about the third category listed in the paragraph. Will that category take into consideration the type of operation furnished by an air service which forms part of a corporate structure; in other words, which is a subsidiary of a large corporation of business and which provides executive aircraft or employee transportation to any job?

Actually, as provided under the Aeronautics Act there is a book entry exchange that is related to the quantum of the depreciation of the aircraft in question. There is a payment off the cost of the aircraft which is sold by the parent company to the subsidiary and in return therefor the aircraft-owning subsidiary performs air carrier services for employees of the parent company. Is this kind of operation to be caught by the definition "certified air carrier", or are we going to have something else?

I am not suggesting that there is in any way a gap in the legislation, but in order that we may be certain, are such operations to be included? Also, will there be included what we may call arranged air transportation cases, as opposed to what we understand by commercially scheduled air services or major, recognized charter air services? That is, will charter services in the development areas, as well as those for tourism, hunting, and so on, be included? Is the minister in a position to give us an answer on that point?

Mr. Gray: Mr. Chairman, I am informed that the type of air service my hon. friend is referring to, an air service that is part of a corporate structure which is carrying on some type of general business operation, is not intended to be included. I understand this matter will fall under clause 5 of the regulations. I am referring to the commercial air service regulations under the Aeronautics Act. These types of aircraft would not, therefore, be among those which, if passengers were carried, would be subject to the tax.

Clause 8(a) of the bill deals with certain specific classes as set forth under the commercial or service regulations made under the Aeronautics Act. Perhaps I should read part of the subsection:

'certified air carrier' means (i) an air carrier that, pursuant to the Commercial Air Service Regulations made under the *Aeronautics Act*, is

[Mr. Lambert (Edmonton West).]

authorized by the Canadian Transport Commission to operate as an air carrier or as a commercial air service under any one or more of the following classifications as described in those Regulations, that is to say: Class 1, Class 2, Class 3, Class 4 (Groups AA and A), Class 8, Class 9-2, Class 9-3 and Class 9-4 (Groups AA and A);

If I am correct in assuming that this type of operation would fall under clause 5, as I am advised, the operation, as the hon. member describes it, would not be subject to the tax. If the committee desires, I would be happy to place on record a description of the types of operations covered by each of the classes that are among those included in clause 8(a) of the bill. If the committee wishes me to do so, I will read it, although it may be a rather lengthy procedure. I gather, Mr. Chairman, that there is such a disposition. These are the classes of carriers referred to in clause 8(a):

Class 1 air carriers, being air carriers authorized by the committee to operate a class 1 scheduled commercial air service between points within Canada.

Class 1 scheduled commercial air service, being the public transportation of persons, mails or goods by an air carrier serving specific points in accordance with a service schedule and at a toll per unit.

Class 2 air carriers, being air carriers authorized by the committee to operate a class 2 regular specific point commercial air service between points within Canada.

Class 2 regular specific point commercial air service, being the public transportation of persons, mails or goods by an air carrier serving specific points on a route pattern, with some degree of regularity and at a toll per unit.

Class 3 air carriers, being air carriers authorized by the committee to operate a class 3 irregular specific point commercial air service between points within Canada.

• (3:20 p.m.)

Class 3 irregular specific point commercial air service, being the public transportation of persons, mails or goods by an air carrier, from a base, serving a specific point or points at a toll per unit.

Class 4 air carriers, being air carriers authorized by the committee to operate a class 4 charter commercial air service within Canada.

Class 4 charter commercial air service, being the public transportation of persons or goods by an air carrier, from the base or the protected base named in the licence of the air-