

We in turn have reviewed our booking orders with our suppliers and have cut back approximately 40 per cent from last years marine sales.

I'm not sure what the governments intention was in instituting this tax but thought you should be aware of what the results are.

Everyone including myself is completely at a loss as to the reasoning behind this surcharge other than to create a decrease in sales and employment.

If the energy crisis was the reasoning, this does not make sense as the amount of fuel used in pleasure boating is so small it would be negligible.

If it was a luxury tax to tax the higher income brackets, they missed.

A 20 h.p. or over directly affects the average working man's marine recreational purchasing power and as you realize the marine recreation is very extensive in our area.

The decrease in marine recreation will only switch people over to highway travel which still consumes fuel and pulling trailers would consume as much or more than marine use.

There has been absolutely no publicity on this new tax structure and really is very unclear as to the details.

For your information the following shows what percentage of tax is now imposed on boats.

#### Canadian Manufacture

eg. Cost	\$ 4,000.00	from manufacturing
12 per cent FST	480.00	
	4,480.00	
10 per cent surcharge	448.00	
	\$ 4,928.00	

Almost 25 per cent

#### American Manufacture

Cost	\$ 4,000.00	from manufacturing
12 per cent FST	480.00	
	4,480.00	
17 per cent duty	762.00	
	5,242.00	
10 per cent surcharge	524.00	
	\$ 5,766.00	

Almost 44 per cent

I would very much appreciate the details of this new tax structure and your comments on how the government justifies this increase.

#### Another letter reads:

—I am deeply disturbed by the reported introduction in the budget of a 10 per cent tax on boats with motors over 20 h.p.

I believe that this tax is regionally discriminating and selective to a portion of the population's leisure activities.

Boats of the type reported to be taxed are in the main located on the eastern and western coasts with some in use on the larger lakes and rivers near the coasts. For example there would be little impact of the tax in total on the residents of Saskatchewan.

Boats of the type selected for the tax are usually used by families and for vacation periods where horsepower is related to size and where size is related to safety. These people are being discriminated against. For example, one could buy a \$20,000 motor home, paying no surtax. The same person, for value received, would pay \$22,000 for a boat. If you clutter up the highways with a large motor home—no tax. If your relaxation is boating in some comfort and safety, you must pay a tax.

#### Excise

● (1220)

I also wish to quote from a communication received from a dealer in the boating industry in my area:

Although you undoubtedly have received much correspondence regarding the budget, I hope that you may value an opinion from a highly affected area.

I agree that the pace of the economy must be slowed in order to curb inflation, but I do question the wisdom behind the implementation of the luxury tax. First, may I question the difference between luxury and pleasure. Is not an almost unused executive apartment, unused hotel accommodations, or unoccupied travel reservations, all written off as expenses, more an extravagance than a weekend or two away from the world's problems in a boat, fishing, skiing, cruising, or whatever.

The American economists did extensive studies on energy consumption during the "energy crisis" of last winter, and they pondered legislation regarding the pleasure boat users. Their findings showed that the fraction of 1 per cent that the pleasure boats used was miniscule.

The boat manufacturers have recently suffered cut-backs as so many increased costs have been incurred relating to the by-products of oil which are used in the fibre-glass and plastics necessary in their manufacture. These increases are reflected in our costs, which have gone up as much as 35 per cent in the last ten months alone. I wonder how much more the public will pay for so little material and such a non-tangible item as a few weekends of pleasure.

Is the luxury tax designed to curb inflation or is it to contribute to the lay-off of boat and motor manufacturing employees, retailers' staff, boat trailer manufacturers and the many more connected directly or indirectly with the industry? As well, this tax seems to contribute to the exaggerated class distinction that our forefathers came to this country to avoid.

Obviously this man is not a great lover of this tax.

Surely it would be more equitable and effective if the tax was placed on money lending. The banks in this country have enjoyed inobvious net profits over the past few years that would humble the financial statements of many of the exposed profiteers.

I will not continue further with that letter. I wish to make one other point. This tax was enacted on November 18. In many instances, boats and planes were ordered before that date. As a result, the orders have been cancelled. If this tax must stand, will the minister ensure that where there is positive proof, either by cancelled cheque or by order form, that orders were placed before November 18 but deliveries not made until after that date, this tax will not apply? It is an injustice to have ordered under one set of figures and have an item delivered under another. In this regard, I wish to quote from another letter as follows:

Enclosed are copies of orders for boats, ordered at the Fiber Form dealer meeting September 9, 10 and 11, which we found it necessary to cancel after the implementation of the new tax.

In our experience with the retail public, we felt that the additional tax would seriously impede and affect the retail marine trade this coming season; and therefore felt it wise to cut our projected sales volume forecast and our booking boat orders accordingly.

If this tax is going to be retained, as it now appears, the least that the government and the Department of Finance should consider is to allow previously committed orders to be received exempt of this additional tax. This measure would surely slow the almost disastrous impact of this heavy tax and act as a gradual staging to the depression this industry is going to experience. With a brief amnesty, the retailers and, more so, the manufacturers will be able to gear down in an organized and economically less disastrous manner, rather than an immediate major cutback.

He then signed his letter very nicely in this way:

Wishing you and yours a happier and more prosperous New Year than we expect, I remain,