

Excise

the Winfield fire protection district in my area was taxed an amount of \$3,654.05 for a piece of fire protection equipment. I am very concerned about this situation because these districts cannot qualify as municipalities since no one on the government side seems to want to change the wording in the act in respect of municipality, which states "any water distribution, sewerage or drainage system".

● (1450)

Exactly the same thing will happen in these areas where we have regional districts which are not classified as municipalities as has happened with the fire protection districts. These regional districts are set up to perform this kind of function. If we have municipalities which do not cover all the people in total, then I would respectfully ask the minister to amend the interpretation to include all these types of people in Canada. I do not wish to accuse the minister or the government of not doing this because only a very small area of Canada is involved; nevertheless, I think this provision must be changed to avoid discrimination.

Over the years I have been intrigued by the excise tax. I first became interested in it when I was in the appliance business in Vancouver shortly after the war and we found the excise tax being put on one year and taken off the next on some of the appliances we sold. I could never really understand the philosophy behind the imposition of this tax. In my opinion, only the income tax is fair. I should like to know the reason for putting the excise tax this year on boats of over 20 horsepower. In my riding in the Okanagan Valley we have a flourishing industry in boats. Our greatest satisfaction is in the pleasure people take from these boats. There are some lovely lakes in the area which lend themselves to the use of boats built locally and used both by local people and tourists who visit the Okanagan Valley.

Now the excise tax is imposed on boats of over 20 horsepower. What is the thinking behind this measure? Does the minister believe that this is what he has to do to fight the energy crisis? The people who are manufacturing and selling the boats, and we have many of them in British Columbia, have already been hit by the full impact of the energy crisis. The number of boats over 20 horsepower that are sold and used in the area, and on which the excise tax is imposed, amounts to 80 per cent. The percentage is not nearly as high with regard to Cadillacs. The gas consumption in the motor boat industry in Canada is well below 1 per cent. I do not think that the excise tax will have very much bearing on gas consumption but, as I have said, the motor boat industry has already been hit by the energy crisis. For instance, resin, which is used in making fibreglass boats, has increased in cost in one year from 20 cents a pound to 56 cents a pound. The upholstery which is used in other boats, which I believe is mainly plastic, has gone up 27 per cent.

A popular model of a boat manufactured in my area which in 1973 sold for \$5,847, in 1974 sells for \$7,268. Now, with the increase in tax, it will go up to \$7,915 because the tax increase is \$647. I really wonder whether that will stop people buying boats. I certainly do not believe that people will stop buying Cadillacs because of the price increase. The percentage of sales of Cadillacs is not very great anyway, and I do not think the increase in cost will be a

[Mr. Whittaker.]

deterrent because people who can afford that price can afford the increase also.

There has been a tremendous increase in the price of boats in Canada and in North America because of the cost of the input in boatmaking. We could also speak about the competition between imports and Canadian production: it is a very interesting subject. I do not think too many boat manufacturers are worried about competition except for the fact that boats manufactured in the United States are cheaper because of the lower price of materials. Manufacturers there have ways of exporting boats to Canada and avoiding in some way part of the duty that is charged, so that the percentage of the increase as a result of the excise tax on imported boats is lower than for Canadian boats.

Most hon. members here know that I always put in a plug for industry in Canada and I do not like to see anything done, small as it may be, to inhibit the development of industry in this country. However, here is another instance where it is not being helped. I would not be surprised if somebody in the boat manufacturing business in the Okanagan Valley said to me: "It would be much better for me to move my plant across the boarder to Omak, which is only about ten miles away, so that I could manufacture my boats there using American labour and American materials." We would be witnessing the disappearance from Canada of another industry that could sell its products for less. In the whole area of the Okanagan Valley there are beautiful lakes and a great many people have their pleasure boats there. Certainly, the tourist industry depends on boats and it would be to the detriment of that industry to impose this tax.

Another subject in which I am interested is the wine industry in the grape-growing area of the Okanagan. We have had our problems there with the farming industry. We have a tremendous fruit industry, but we cannot get cars to transport our fruit for export to the United States or even to bring it to eastern Canada. Perhaps the consumer does not see this, but I certainly see a great number of American apples being sold in eastern Canada today. I know, Madam Speaker, that you would not notice the difference in the price of American apples and Okanagan apples, but I certainly do. This is one of our problems. One of the things we have been told by officials of the federal Department of Agriculture and officials of the provincial department is to diversify the industry so as to avoid surpluses. One way to do this is to grow grapes. We have the right climate for grape growing—semi-arid, semi-desert.

● (1500)

The Minister of Finance (Mr. Turner) wants the wine industry to pay additional excise tax and I do not know why. I cannot understand this move, as the wine industry in Canada is not economically healthy, not making large profits, and not reaping the rewards of inflation which many other industries are reaping. It is in a depressed state. That is the best way to describe it.

We should consider the Australian experience of a few years ago. Australia imposed an excise tax on Australian wine. That move only helped to depress the Australian wine industry. Finally the Australian government had to