

*Excise*

tion. He urged that the sales tax be removed completely and the \$30 million involved collected through income tax or some other method. I would support that suggestion provided the law required that the benefits of the removal of that tax be passed on to the consumer. We have had too many bitter experiences over the years, I think particularly in the case of drugs.

After many years of fighting, the government removed the sales tax from drugs. The saving just did not reach the consumer; it was absorbed by the wholesalers and retailers through the pricing system. There was no benefit to the consumer whatsoever in the removal of the sales tax from drugs. That is why I have always hesitated to agree completely with the Leader of the Opposition and his colleagues in their proposals to remove the sales tax from building materials. Unless there is adequate provision to ensure that the benefits reach the home buyer, there is just no point in removing the sales tax. It would be better to leave it on and then rebate it. We could deliberately discriminate in favour of those on low and middle incomes by rebating the tax to them and not to those on higher incomes. This could well apply, in this bill, to small boats and aircraft; that is why I hope the government will agree to make a rebate of the tax to people living in isolated areas. These are not always in the north but are isolated areas in the southern parts of Canada. It may be difficult to administer a system of rebates but certainly in the northern parts of Canada it should be applied. I hope the government will accede to the request of members of all parties because this is a proper, fair and logical thing to do.

● (1410)

I repeat, Madam Chairman, that I have no sympathy for those people paying sales tax on weekend pleasure boats, or corporations that buy executive aircraft to fly their executives around. As far as I am concerned, they can pay the sales tax. I hope the government will accept the submissions made by my colleague, the hon. member for the Northwest Territories.

**Mr. Bowden:** Madam Chairman, a great deal has been said and some excellent points made by members from all sides of the House. I just hope that the minister will give as much attention to boats in the year 1975 as he did to votes in the year 1974.

Since some excellent comments have been made by hon. members about the sales tax on boats, I am going to deal with the subject of sales tax on aircraft as it applies in Bill C-40. The minister's proposals as set out in the bill have brought some good news and some bad news. The good news for the aviation industry was that the 12 per cent sales tax on aircraft purchases would be removed. The bad and very disturbing news to a special segment of the industry was that a special 10 per cent sales tax will be added to the 12 per cent regular sales tax when an aircraft is purchased by a non-commercial owner.

In the budget of last May, the Minister of Finance proposed a 3 per cent tax to be added to the 12 per cent. Between May and November this tax increased from 3 per cent to 12 per cent. If the minister is escalating his ideas on special taxes in this special area at this rate, I hesitate to think what might be in store in the next budget. Per-

haps the minister might enlighten us on whether, as energy becomes more scarce in this country, he intends to further escalate taxes in this area.

This is a one-time tax; in other words, if an aircraft is imported, the tax is paid once only, and so it has no direct relationship to fuel consumption. Heavy fuel consumers, even if their aircraft is already in this country, can continue to gulp fuel. If fuel conservation is the object of these measures, the point has been missed that there is no ongoing tax on those that continue to use large amounts. An aircraft visiting Canada would be exempted from any tax. I suggest, therefore, Madam Chairman, that this is clearly a punitive move against the private aviation industry in Canada and the minister has given no satisfactory explanation for it.

Private aviation is not an insignificant industry in Canada. Today it is doing a total sales volume of something over \$100 million, and it employs over 5,000 people. I think the point that has been missed is that a large percentage of the aircraft being operated by this sector in Canada are operated by private businesses that depend on this mode of transportation to conduct their business in whatever part of Canada it may be.

A good deal of emphasis has been placed by members on both sides of the House—perhaps particularly by the hon. member for Northwest Territories, whose area falls into a very special category—on the fact that alternate modes of transportation just are not available. In fact, in the past, aircraft has been the most significant tool for opening up this important part of the country, and I suggest it will continue to be so in the future. This is especially significant when the cost of aircraft operation is compared to the construction of roads, railroads and other types of transportation.

The important factor is that if we impose this tax on what is a very essential business tool in many parts of our broad country, we merely add another tax on business and businessmen and people who must conduct their operations in areas where every other cost is so high. This only serves to increase the over-all cost of doing business and it will be felt significantly by resource-oriented companies where aircraft must be used for exploration in frontier areas. In the final analysis, it will be added to the cost of what is produced in those parts of Canada—energy, minerals or whatever.

This foolish action of imposing a 10 per cent special tax on top of the 12 per cent makes most aircraft in Canada at least 22 per cent more expensive than similar aircraft in the United States. In fact, if we add the provincial sales tax that would apply in most provinces, it would be a cost in the order of 30 per cent more than the aircraft owner in the United States faces. In most cases, their need is much less than ours because they have alternate commercial airlines and many more modes of travel.

This stupid provision in the budget discriminates against a particular section of the Canadian economy, and the moves made by the minister do not stand up to reason and good sense. Private light aircraft, in most cases, are as efficient or even more efficient on a per mile basis than alternate modes of transportation, particularly automobiles. I have a list of eight aircraft from light, single-engine craft to jet aircraft, and on a seat per mile basis all