

**Mr. Turner (Ottawa-Carleton):** The total figure in respect of the energy aspect of this sales tax is \$30 million. At the moment we have not broken it down in respect of boats, airplanes, etc.

**Mr. Munro (Esquimalt-Saanich):** It is \$30 million altogether from this particular bill?

**Mr. Turner (Ottawa-Carleton):** Yes, in respect of cars, boats and airplanes.

**Mr. Munro (Esquimalt-Saanich):** I am wondering whether the minister is aware that there is more involved here than just conservation of energy and the raising of taxes. We also have the matter of employment involved. This matter was raised by my colleague, the hon. member for South Shore, during an earlier discussion of this particular item on, I think, second reading of the bill. He pointed out the difficulties that some boat builders are having, if I may continue the metaphor, in keeping afloat with the heavy charges being levied against boat building.

One of my constituents wrote and told me about orders he had concluded amounting to almost \$500,000 for two yachts before the budget was brought down. The order was concluded on the understanding that the cost of these yachts would be approximately \$250,000 each. Now he and his customer find that they have another 10 per cent to add to the price. My constituent is not absolutely sure now that he will be able to sell the boats, but they are on the stocks and in the process of being constructed. He had to go to the bank to raise the funds to get these vessels on the stocks, and he now wonders what is going to happen. The upshot of the whole thing could very well be that he will go out of business.

There are a lot of small industries of this sort in my riding, boat builders and others, and I wonder if the minister really took this whole situation into account when he decided to impose another 10 per cent on the already fairly heavy sales or excise tax that applies to boat building. In order to make it easier for boat builders who are doing their best to contribute to the employment situation in this country, and to enhance the industry and improve the craft, the minister could have provided that this additional tax would not come into effect until the law was passed.

In this country we have a tradition of boat building on the east and west coasts. I have a feeling that there was a time when the minister was not so preoccupied with budgets that he enjoyed sailing.

**Mr. Turner (Ottawa-Carleton):** We are not taxing sailboats.

**Mr. Munro (Esquimalt-Saanich):** I also have in mind powerboats. I am not sure the minister now has the time to indulge this particular fancy, but is it not possible that this imposition of additional tax could be made effective when the law is passed, so that boat builders and customers will know exactly what charges they will have to pay?

I have a feeling that I raised this question with the minister during the last days of December. I asked whether he could look into the matter to determine if there is a possibility of a rebate in respect of orders already on the books for powerboats of this size. This would apply as well

### Excise

to the provision of motors that go into these boats. I would be pleased to know whether the minister can say now that a rebate might be within the realm of legal possibility, or that this is completely ruled out under the provisions of some act or other.

**Mr. Turner (Ottawa-Carleton):** Mr. Chairman, the hon. gentleman has raised some of the logical points that were raised in correspondence from all quarters of the House. I have had two or three meetings with representatives of most of the boat industry in the country. If we are going to face a conservation program in respect of energy in the western world it is inevitable that some adjustments will have to be made.

The measures introduced by the President of the United States will undoubtedly affect the sale of heavy cars, private airplanes and recreational motor boats. I will not deny that there will be some negative employment effects. Until we re-establish our reserves and reach a balance between the oil producing and consuming countries of the world I feel that conservation measures are necessary. New sources of energy will also be necessary, as well as some sort of financial solidarity among the consuming nations.

On the subject of inventory, it is very difficult to protect the industry either in respect of the imposition of tax or the release of tax. Certain representations have been made in the House about releasing the tax inventory from the sales tax which is delivered after imposition. The hon. member is in the opposite situation when he makes certain representations on behalf of the boat building industry in the country.

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We have a good many firms which, I suppose, will have to sharpen their sales procedures and tighten their belts until we get through this situation. They did have some notice in the budget which was brought down on May 6, and which was defeated in the House in the last parliament. On May 8 we issued a release to the country that if we were returned the budget would be reintroduced and the sales tax on these items would apply from the date of the next budget. Admittedly we raised the rate of the tax from 3 per cent to 10 per cent from May 6 to November 8, but in any event we made our position clear that if the people of Canada renewed our mandate we would be bound by these obligations.

**Mr. Stanfield:** Just like your transportation policy.

**Mr. Turner (Ottawa-Carleton):** The hon. gentleman does not expect me to get into that situation tonight. I have given the frankest explanation I can to the hon. member.

**Mr. Munro (Esquimalt-Saanich):** Thank you, Mr. Chairman, that does clarify some of the matters, and I am most interested to learn that between May 6 and the next presentation of the budget the tax was more than tripled. I think it is well worth having on the record in *Hansard* that the undertakings were more than fulfilled on the second occasion.