

*Excise*

the northern half of my riding relies heavily on small aircraft for business and everyday activities such as the movement of goods and services. A number of small aircraft charter companies have built up the industry over a long period of time. The people they are serving, often the native and Metis people, are those least able to afford any increase in the cost of goods and services. In fact, the price of foodstuffs in this area is the highest in Canada at present. This excise tax will do nothing to reduce the cost of living of these people. I think the minister should re-examine this question. He is not simply taxing people who use small aircraft for pleasure but, rather, those who can least afford it. The costs of operating small aircraft have increased astronomically in the past year.

This may seem to be a relatively insignificant clause in the bill, but nevertheless we should examine it carefully. One or two small businessmen in my riding have become involved in the sale and service of small aircraft in the last few years. Lower overhead costs have enabled them to compete with larger companies but, of course, as their volume of sales dwindles they will be strapped for funds; and that is what will happen as a result of this tax. One owner of a small company in my riding recently explained to me the way he acquired aircraft and sold them and the difficulties he would face. For the protection of small businesses I think the minister should re-examine this clause.

The effect of the excise tax on boats owned by people in the northern part of my riding will be much the same. The minister received a letter dated November 20, 1974, from the Allied Boating Association of Canada. I am sure he has read the letter. Some hon. members may have quoted this letter already, but I think it bears repeating because of its significance to my riding. It is addressed to the Minister of Finance and it reads:

Dear Sir:

On behalf of the pleasure boat industry in Canada, we strenuously object to the special excise tax for pleasure boats and engines in your budget speech of November 18, 1974.

The inclusion of pleasure craft and outboard motors in your "High energy consumer" category is, in our opinion, a gross misrepresentation of fact. The annual boating consumption of gasoline is about one-half of 1 per cent of that used by Canadian automobiles.

The salient facts are:

1. Boats are not, in general, large energy consumers.
2. Marine manufacturers, dealers, marina and service facilities are usually a small business operation.
3. Our industry appears to have been the hardest hit in the new excise taxes.
4. At least 80 per cent of the boat sales dollars will be affected.
5. Order cancellations have already been received by manufacturers as a result of the November 18 speech.
6. The resulting vastly increased sales price will add to inflation.

We emphasize that your new excise tax of 10 per cent for boats and engines is discriminatory, unfair and presents a serious threat to the small boat industry in Canada. Your attention to eliminate this tax is urgently requested.

The letter is signed by Mr. Don J. Critton, president, Allied Boating Association of Canada. Madam Chairman, the points made by the writer are valid for any part of Canada where small boats are manufactured and used in the pursuit of private enterprise. In my riding, the G. H. Lund Boat Company Limited was established two or three years ago. The parent company is in the United States. I

[Mr. Epp.]

am not one of those members who cringe at the prospect of American investment in my riding; indeed, I think if we can co-operatively develop an industry and provide work for the people of the riding, then their investment is welcome.

• (1600)

This company approached the citizens of Steinbach and asked if they were interested in a boat manufacturing company being established in the town, and if labour was available. The company wanted to build a plant which would manufacture light aluminum boats mainly for the western Canadian market. After holding discussions with members of the community, the principals of the company applied for a Department of Regional Economic Expansion grant, which was subsequently approved and received.

The company invested money in Steinbach. Local townspeople were approached and asked if they, too, wanted to invest in the company. They bought shares in the company, and its success story is remarkable. Because of good management, because the market was looked into carefully, this company is a success. Today it competes with American manufacturers. Eastern Canadian manufacturers have always found it difficult to compete in this area simply because extra freight charges are imposed on light boats of the kind manufactured by the company. The Steinbach company has expanded and has recently gone into fibreglass boat manufacturing. To me, this is a success story. Local people invested in the company and the company is a good corporate citizen, having become an integral part of the community. It is a member of the Allied Boating Association of Canada which recently made representations on behalf of this company, as well as on behalf of others, about the proposed excise tax. The general manager and vice-president of the company wrote a letter to the Minister of Finance dated November 25, 1974, which reads:

Dear Sir:

As a new manufacturer of pleasure boats in Manitoba, we endorse completely the letter of protest sent to you under date of November 20, 1974, by the Allied Boating Association of which we are members.

The pleasure boat industry in Canada from the manufacturer through to the dealer falls into the category of small business which, I submit, is less able to absorb a tax of the magnitude proposed. Boating in Canada utilizes a lower volume of energy fuel per dollar of manufacturing than do many other industries in Canada, and we therefore submit that the excise tax proposed is discriminatory.

Your review of the proposed excise tax in relation to the revenue to be derived for the federal government measured against the losses suffered by the industry as a whole and the loss of corporate tax revenues which will undoubtedly follow is requested—

The letter is signed by Mr. G. V. Hastings, general manager and vice-president. The point has not been made sufficiently that this industry consumes far less energy than most other industries of similar size. I will not belabour the point. As this industry is competing successfully with boating manufacturers of the United States and eastern Canada, and as the government wants to encourage economic activity in designated areas, I ask the minister and his departmental officials, on behalf of my constituents, to consider our representations seriously and objectively, in the hope that the tax to be imposed will be fair and will not militate against the best interests of all.