

*Excise*

I suppose the first idea of the tax was to reduce energy consumption by taxing the large motors, thereby discouraging the purchase of motors over 20 horsepower. I submit that this is discriminatory. We find a similar tax being applied to high energy consuming automobiles. I would point out to the minister and his officials that these boat motors are used only during summer months, on an average for about 100 hours per year, whereas the high energy consuming automobile is used the year around. I conclude, therefore, that the tax regime is unfair when it compares boat motors with large automobiles.

In addition the owners of boats have to contend with higher fuel costs, and that has an effect on energy consumption. I find this tax, which applies to outboard motors of over 20 horsepower, is discriminatory if it is being used to prevent the high consumption of energy. I do not have a Canadian study on the matter, but I did examine the records of the United States Department of Commerce which indicate that the combined energy consumption of outboard motors, snowmobiles, lawnmowers and so on is less than one-half of 1 per cent of total energy consumption in the United States.

Let me also point out to the minister and his officials that 1975 outboard motor models have been vastly improved in respect of energy consumption. I am told that 1975 Mercury models have been improved to the extent of 25 per cent to 40 per cent in fuel economy. The new 1975 models will not burn as much fuel as the older models.

● (1550)

Also I have learned that a 1975 70 horsepower outboard engine uses less gas per mile than a 40 horsepower outboard engine. If the motive is to reduce energy consumption I do not think this tax on the new 1975 motors is a fair one from the point of view that the motors have been improved in their design and require less fuel. If the minister is looking at this tax, not from the standpoint of fuel consumption but from the point of view of this being a luxury item, then I think he is out of date. At one time outboard motors of 20 horsepower could be considered a luxury, but today the trend is toward larger and heavier boats which require motors much more powerful than 20 horsepower.

I would also point out that there is a need in today's society for recreation, and that more and more people today try to get away from the pressures of modern day work by getting out with their families. Boating is a very important recreational industry in this country. It is enjoyed by thousands of Canadians and their families. One cannot water ski behind a 20 horsepower engine. A larger engine is required.

This tax will have an effect on family recreation. I would also point out to the minister that marine dealers cannot survive on the sales of motors of 20 horsepower and below. A 20 horsepower engine sells for about \$700. It is interesting to note that in respect of 60 per cent to 75 per cent of marine dealer sales, the revenue from engine sales is in the 40 horsepower to 80 horsepower range and not in the range primarily below 20 horsepower.

The other very discriminatory thing about this 10 per cent tax is that it means that the marine dealers will have to find 10 per cent extra working capital, because they

[Mr. Symes.]

purchase their motors in December for sales during the spring and summer. I spoke to one dealer who told me that, as soon as this proposed tax was announced, he immediately called his supplier and cancelled his order for outboard motors for this winter because he did not have that extra 10 per cent that he claimed would be needed if this measure should pass. Marine dealers also tell me that because of the general inflation in today's economy, and the marginal aspect of their business, a number of operators will be forced to close down, or at least to lay off a number of employees.

In my riding of Sault Ste. Marie there are approximately 100 people employed as marine dealers. We can only guess how many workers in this country are employed in the building of boat engines, pleasure boats and other craft. Also, of course, the ramifications of the decline in the boat and outboard motor industry will be felt by tourist operators and all subsidiary industries which supply them. Therefore I think this tax will have a much more far-reaching effect than the minister and his officials first realized.

It is also interesting to note that in the budget of May 6 this tax was only 3 per cent, while in the November budget it is 10 per cent. I think some explanation is required in respect of this increase. Because of the hardship to marine, fishing and tourist operators, and indirectly the hardship to those employed in the building of boat motors and the building of boats themselves, I urge the minister to amend this bill so that the 10 per cent excise tax would apply only to marine engines of 85 horsepower or over.

If this is to be viewed as a luxury tax then obviously those who can afford to buy motors of 85 or more horsepower can afford to meet the 10 per cent tax. I very seriously urge that the minister reconsider the implications of the 10 per cent tax on motors above 20 horsepower. I find this to be discriminatory against many of our small boat operators. Many companies will be forced either to lay-off employees or even shut down. I think it is time the government learned to protect some of our small businessmen more than the large corporations to which the government gives so many tax concessions.

**Mr. Douglas Roche (Edmonton-Strathcona):** Mr. Speaker, I have but three minutes left. I think I can make a five minute speech if you would be willing not to see the clock for two minutes. I hope to be awarded for my brevity by the minister when he ultimately makes his response.

The entry to my first comment is through clause 19, where there are some minor adjustments in sales tax to help handicapped people. I congratulate the minister for the step he is taking to help the handicapped by the removal of certain taxes, but the removal of the sales tax simply is not enough to help the handicapped.

The minister will ask why I do not bring this subject up during a debate on national health and welfare in a social context. The reason I am entering a plea for the handicapped during a debate on the finances of this country is that since the budget came down we have received from the Economic Council of Canada, in its annual review, the theme that there is a need for economic and social indica-