

Excise

the committee if I am being idealistic in asking him not to tax small aircraft.

Just as the railways united Canada and made possible the reality of Confederation, so aircraft are instrumental in the development of northern Canada, by which I mean that part of our country 100 miles north of the border. So, encouraging private aircraft to take part in the development of northern Canada is sound. The Minister of Manpower and Immigration has suggested that we should encourage people in Toronto, Montreal and Vancouver to move to northern areas. How can they get there if the roads only go half way up Canada? They will need to use aircraft, commercial as well as private, if they are to develop the area. Those who are doing exploration and so forth, or who are just making forays into the north to open it, will be penalized by this tax. The minister should again look at this.

● (2100)

I hope more backbench members will support the aircraft industry in Canada. As they travel on some of these private planes throughout their constituencies, they realize the great importance of this service, particularly to undeveloped Canada.

The minister should come at least part way. If on the basis of consumption he is going to divide cars into two groups, those which consume a large amount of energy and those which do not, he should at least consider applying that to small light planes compared with the larger, heavier consumption planes. For example, a 300 horsepower motor gets about 20 miles a gallon. Should a plane with this size motor not have the same exemption, especially in view of the fact it will aid northern development and help disperse the population throughout the country, instead of leaving people concentrated in the narrow belt across the southern part of Canada? I ask the minister to reconsider the aircraft tax in particular, on the basis of the arguments I have presented tonight.

The second area I wish to deal with this evening concerns construction and agricultural equipment. In his budget speech the minister indicated he wants a thrust forward in the development of housing. He indicated his interest through assisting municipalities by removing the tax on water systems, not the equipment but the transmission and distribution. In addition we must consider the equipment that will do the work to put in the transmission and distribution lines for water and sewer systems.

The cost of servicing land is one of the biggest expenses of municipalities and housing enterprises. This cost will be emphasized by the tax on construction and agricultural equipment. I disagree with the principle of taxing construction and agricultural equipment at a time when we are trying to encourage housing in particular, and the construction industry generally and, more specifically, the inventory.

The minister, through some extensive lobby, has been moved to recognize the trucking industry. Somehow someone was able to get to him and explain the situation regarding inventories. I commend the minister on his enlightenment and understanding. However, if that analogy exists, why are construction and equipment dealers being discriminated against? They are in the same basic

[Mr. Wenman.]

situation as the truckers. They play an equally vital role in the development of our country. If the minister will not consider eliminating the tax on these particular items, will he at least consider stepping back and cover the matter of inventories?

In conclusion I thank the minister for the replies he has provided to me. While I disagree with them, they have been thoughtful and prompt. I thank him for that cooperation. When he responds in that way, I try to do the same. I look forward to his reply.

Mr. Symes: Mr. Chairman, I wish to address a series of questions to the minister on this clause concerning the imposition of a 10 per cent excise tax on outboard motors over 20 horsepower. The minister used two arguments to justify the tax; first, that it would promote energy conservation and, second, that it would raise revenue for the government.

I do not have the figures for Canada, but I know in the United States the consumption of gasoline by snowmobiles, lawnmowers and boat motors amounts to less than one half of 1 per cent of the total gasoline consumption in that country. The minister says he wants to impose the tax to reduce gasoline consumption in Canada. Can he give the committee his estimate of what the savings will be for gasoline as applied to boat motors?

Mr. Turner (Ottawa-Carleton): I will wait until you have finished.

Mr. Symes: I wish to draw to the attention of the minister that new outboard engine models are much more efficient than the older models with regard to gasoline consumption. The 1975 Mercury outboard motor has a fuel economy improvement ranging from 25 to 40 per cent over older models. In light of the improvement in new outboard engines, how does the minister justify this tax being effective in reducing gasoline consumption?

It is interesting to note that 70 horsepower engines use less gas per mile than 40 horsepower engines. Even though the larger engines are more efficient with regard to fuel consumption, the minister wants to impose this tax.

Other members have pointed out that the 20 horsepower engine is not sufficiently powerful to power boats on the market today, and that the majority of sales by marine dealers are engines above 20 horsepower. This tax will be ruinous for them.

I would like the minister to answer this question. How do small businessmen get around the problem of having to raise about 10 per cent extra capital because of the imposition of this tax, since they buy their motors in December and do not sell them until summer? This indeed poses a real cash flow problem for the outboard motor dealers.

The minister has imposed a tax on high energy consuming vehicles over a certain weight. The outboard motor averages about 100 hours use per year. The minister is imposing a 10 per cent tax on it. This is only a drop in the bucket compared to the amount of gasoline consumed by high energy automobiles. The minister is imposing a 10 per cent tax on outboard motors for 100 hours' use per year, but for the year round consumption of gasoline by heavy vehicles, he is imposing a tax of either \$20, \$25 or \$30,