

less than 20 horsepower. Perhaps the minister will be indirectly contributing to the drowning of many people by forcing them to operate boats under unsafe conditions. I am sure that the outboard motor people are now scheming to design a super 19.9 horsepower motor to get around this tax. I hope the minister will consider reducing or cancelling this increase in the tax on boats.

The minister said yesterday that this tax increase was included in the May 6 budget. I think he said that the tax amounted to an additional 3 per cent. What changed the minister's mind, or the minds of his great mandarins, making this tax three times as high? If the minister really needs an additional \$30 million, he should get it from the taxpayers through an increase in income tax. I cannot understand why the income tax was reduced in respect of the higher income brackets—a reduction amounting to \$700. I suggest the minister could easily get this \$30 million or more by changing that provision. Inflation continues to increase, wages continue to go up, and soon the minister will have money coming out of his ears and other parts of his anatomy.

**Some hon. Members:** Oh, oh!

**Mr. Darling:** My hon. friend from British Columbia read from about half a dozen letters. I could read 20 letters to the minister and send him copies of ten telegrams which I am sure he has already received. I talked with the general manager of the Toronto international boat show yesterday. I asked Mr. Harold Shield about the general feeling of boat manufacturers and distributors and he indicated that they are worried about this additional tax and the effect it will have on their businesses. Perhaps the minister is aware of the record attendance at that boat show: it was 162,000, up 32 per cent from the year before. It was a magnificent display. I attended the show for a couple of days, during which time I interviewed a number of people while some of my colleagues were basking in the sun in the south somewhere.

I heard a great deal of criticism in respect of this surtax. Mr. Shield pointed out in no uncertain terms the serious blow this would be to the boat industry. There was some \$5 million worth of boats at that international boat show in Toronto. I am not speaking on behalf of the manufacturers of luxury yachts. I had the privilege of taking off my shoes and being allowed to board a \$120,000 luxury cruiser. A 10 per cent increase in tax on that boat would amount to \$12,000. I am sure the individual who could afford to buy that type of craft would not quibble at all about the increase. When you consider boats worth \$4,000 and \$5,000, that is where the increase will hurt, and this is a horse of a different colour.

While there are a few wealthy boat owners who come to my riding from Toronto, for the most part the people there who own boats use them for fishing and water skiing. That is another sport this tax will hinder. How far do you think you can get out of the water with a motor of less than 20 horsepower? Certain members of this House would sink like stones. Let me refer to the effect this increased tax will have on the economy of tourist areas like Parry Sound-Muskoka. The tourist industry employs a great many people, some of them year-round. Tourist operators have been actively improving facilities in order

### *Excise*

to keep their operations open all year. This increased tax will result in many lay-offs in the tourist industry as well as in the manufacturing and distributing industries. Many distributors are now throwing up their hands because of this increased tax. They are not as optimistic as I am in feeling that the minister will reconsider and cancel this tax.

Many distributors are now cancelling orders. One manufacturer told me during the international boat show that he had cancelled orders totalling \$800,000. That was just one manufacturer. I concede that he was not the operator of a small business, but this gives hon. members an idea of how tough this increase will be on boat manufacturers, distributors and tourist facility operators. We have many excellent manufacturers of Canadian boats who, I am sure, will be moving to the United States. This, again, will have an adverse effect and will mean a tremendous loss of sales, to say nothing of an increase in unemployment.

● (1240)

I believe the minister said yesterday that he is a sailing enthusiast. This particular tax does not apply to sail boats, and I suggest that sailing is really a luxury sport as contrasted with ordinary working people who own a small outboard or inboard motor of average size. Again we are discriminating against people in this country who want to be able to use their boats and to trade them in. People who have saved up for a boat and can afford to buy one despite inflationary cost are now going to be soaked with an extra 10 per cent.

I received a letter, one among many, from the president of one of the principal manufacturers at Gravenhurst, in my riding, a well known boat company called the Greavette Boat Corporation. Mr. Bruce Wilson, the president, wrote me as follows:

Dear Mr. Darling:

I wish to vigorously protest the increase in the federal excise tax on power boats over 20 horsepower from 12 to 22 per cent.

Actually, I believe the tax is 23.2 per cent due to the crafty way the minister has added the 10 to the 12.

This increase in tax is discriminatory as it puts the boat manufacturers at a great disadvantage in the recreational field. The tax, if it was designed to slow down the sales of boats, and hence the sales of gasoline, will be very ineffective due to the number of power boats now on the lakes.

If this tax is carried for any period of time, there will be undoubtedly shutdowns in the industry, and resulting unemployment.

It would seem to me that the federal government has done very little long-term thinking as to the need for and implications of this tax. Through you, I wish to express my deep opposition to the increase of this tax.

I see one of the minister's "wise men" sitting over there, and I hope he is making notes. He may be one of those who conjured up this stupid tax. When the minister and his officials hear the amount of opposition expressed, a considerable amount coming from members on the government side, I hope they will think again. In fact, I do not know anyone who is in favour of this tax except the minister and his henchmen. I hope this is another item they will look at again and do something to correct.

I hate to talk about compromises, but if the tax went back to 3 per cent rather than 10 per cent it would be better than nothing. Let me re-emphasize that this tax is