

*Adjournment Debate*

motor purchased by a marina operator in a tourist area are manufactured from parts and materials produced in cities and towns all across the country, many of them far removed from the lakes and rivers where the boats are used. The woodworking industries, paint and varnish industries, and industries that produce parts from metals, plastics, rubber and other materials are involved in building boats and motors. You will find leather, fabric, formica and dozens of other products in a finished boat, Madam Speaker, and the production and fabrication of these materials and components employs tens or even hundreds of thousands of people.

Already I have been told by businessmen in my riding that they have had cancellations of orders for boats since the budget was tabled in November, and I have been told that the 10 per cent tax will result in cut-backs instead of expansion in the tourist industry in my riding. I know that the minister will insist that people are overreacting to the tax, but I can assure him that these business people know what they are doing and what they are saying. They tell me, for instance, that a boat that cost \$6,995 last year will cost \$10,000 in the coming year, taking into account the effect of inflation and the new 10 per cent sales tax. This is something I can understand.

I would like to remind the minister that we are actually talking about a 22 per cent tax on boats and motors, as the new tax of 10 per cent is in addition to the federal sales tax of 12 per cent. The minister implied in his budget speech that this tax would have the effect of conserving fuel. I simply cannot accept this argument as a good enough reason to impose a crippling tax on a Canadian industry that is trying just to hold its own.

Fuel consumption by pleasure boaters represents only a small fraction of total consumption in Canada today, and yet pleasure boating is a very large factor in attracting Canadians and Americans to our vacation and recreation areas. In fact both federal and provincial tourist agencies encourage people to bring their boats to our vacation areas.

One other effect of the added tax is to place importers of American-built boats in a position of competitive advantage over distributors of Canadian-built boats. The effect of this will be felt throughout the industry, in manufacturing, wholesaling and retailing of boats and motors. While the minister might suggest increasing taxes on imported boats, that is not the answer, Madam Speaker. Our people in the tourist industry do not want retaliation against outsiders, they want help for their own industry. On page eight of his budget speech the Minister of Finance Turner said, and I quote:

The fiscal stimulus should come primarily from a further cut in taxes.

And in the same paragraph he said:

I believe that tax cuts can help to reduce prices directly or indirectly and thus slow down the upward momentum of inflation.

The minister did not say exactly what tax cuts he was referring to, but I say that a reduction in the sales tax on boats and motors would have made a lot of sense. Instead of that, though, we find that the minister increased the tax on boats and motors. When we add the increase in inflation over the past year of 13 per cent, and the additional 10 per cent sales tax, we see that the boat builders and marina operators are faced with a cost increase in the

[Mr. Scott.]

coming year of at least 23 per cent. This is shocking, Madam Speaker, especially when the boat and motor-building industries were expecting a reduction in taxes, along the lines of the 7 per cent reduction in taxes on building materials.

What is most surprising is that the minister included boats and motors in a paragraph dealing with high energy consuming vehicles, such as large, luxury motor cars and motorcycles. This is like comparing apples with oranges, and ignores the special nature of the situation in the tourist industry.

**The Acting Speaker (Mrs. Morin):** Order, please. I am sorry to interrupt the hon. member but the time allotted to him has expired.

● (2210)

**Mr. Jack Cullen (Parliamentary Secretary to Minister of Finance):** Madam Speaker, first of all may I compliment the hon. member on the splendid research he has obviously done on this matter. The proposed special excise taxes on energy consuming vehicles constitute one of several programs the government has introduced to deal with the critical question of conserving Canada's declining energy resources.

**Mr. Nowlan:** You are reading.

**Mr. Cullen:** Other measures include the government's recent announcement—

**Mr. Nowlan:** Stop reading.

**Mr. Cullen:** If the hon. member wants to speak he can go outside, but right now I have the floor.

Other measures include the government's recent announcement to reduce dramatically exports of Canadian oil and petroleum products. In addition the Minister of Energy, Mines and Resources (Mr. Macdonald) has stated that he will shortly be bringing forward energy conservation proposals.

The government is, of course, aware that the special excise taxes will have some impact on the industries involved. The hon. member for Victoria-Haliburton (Mr. Scott) must appreciate, however, that energy conservation cannot be effected without some forms of consumption being curtailed. It is the government's view that measures are necessary now in order to minimize the disruptive impact of the future dislocations which will occur as world energy reserves continue to decline.

When the hon. member for Victoria-Haliburton first raised this question, the Minister of Finance (Mr. Turner) indicated that it would receive further consideration during the committee stage of Bill C-40, an act to amend the Excise Tax Act and the Excise Act. The hon. member may wish to pursue the matter further with the minister at that time, and I would suggest that he do that. As I have indicated earlier, he researched his question. I was trying to tell him that it will be considered in committee, but it is tough to speak over the hon. member opposite whom I will not identify but who is rather loud here this evening.