

Excise

to a minority government situation and the assistance of many members of the transport committee, we were able to have this proposal postponed or laid to rest for the time being. We see in this proposal a continuation of the vendetta which Ministry of Transport officials seem to have against aviation in general and the owners of private aircraft in particular.

Regardless of the rationale we formulate in respect of energy conservation, the simple fact remains that the position of this government is such that it does not care too much for or appreciate the general aviation segment of our economy. The government seems to have the illusion that those who own private aircraft are wealthy individuals and that this is a very luxurious hobby. In my opinion, nothing could be further from the truth. It is fair to point out that in the order of six million Canadians depend upon non-commercial aircraft for transportation. Many of these people use private aircraft in their businesses. We are all aware of the utilization of private aircraft in the agricultural industry. Private aircraft are also used in respect of fisheries and various industries in the northern parts of Canada, as well as by ranchers and farmers for crop spraying, etc. These are all very necessary functions of important industries in this country and I think Department of Finance officials have tended to overlook this fact.

● (1450)

It is unfortunate that the Ministry of Transport as a department is so unsympathetic to general aviation in this country. As I pointed out yesterday, I am not sure whether the Minister of Finance consulted the Minister of Transport before he introduced this particular provision in the budget. He may have, but then again he may have had some difficulty because, as we all know, the Minister of Transport is scarcely seen in the House and when he is in the House he is unable to refresh our minds regarding what is going on in his department, even at the best of times. So, very simply, this provision is a discriminatory and vicious blow to general aviation in this country and I hope the Minister of Finance will seriously reconsider it.

Another area I wish to refer to briefly is the sales tax applied to construction equipment held in inventory. I believe the treatment here represents another gross injustice, particularly toward unlicensed construction equipment dealers who, according to my information, face the prospect of losing in the neighbourhood of \$3.5 million. A large number of dealers are not involved; I am told that there are in the order of 180 construction equipment dealers in Canada, roughly 60 or 70 of which are unlicensed wholesalers. They are carrying an inventory of new, unsold machines, the total federal sales tax element of which is approximately \$3.5 million, which represents an average of \$56,000 per company.

These companies are for the most part small businesses and the prospect of facing a loss of such magnitude is certainly very detrimental to them and unhealthy for their economic survival. It seems to me a precedent has been established in the case of transportation equipment stock held in inventory at the time of the budget: provision has been made to grant a refund. If it is fair to provide that sort of relief in the case of transportation equipment, the

same kind of relief should be given construction equipment.

I think this particular measure discriminates in two ways. It is unfair as between the two types of dealer, the licensed and the unlicensed dealer. We now have a situation where customers who have placed orders with unlicensed equipment dealers are virtually cancelling their orders, going across the street and buying from firms who offer the same equipment under the tax exemption provision. Secondly, it is unfair in relation to the treatment of construction industry equipment as opposed to transportation equipment; I think those two situations are identical.

I think the precedent that has been established goes back to the precedent established, I believe, in the days of the Conservative government in 1961 or 1962. I happened to be an automobile dealer at that time and remember very clearly that the excise tax on stock in inventory was removed; the opportunity was given to apply for relief from tax on stock on hand. It seems to me that what is good for transportation dealers is also good for construction equipment dealers.

I think it is fair to say that inequitable legislation is generally bad legislation. If this provision is carried on the basis put forward by the Minister of Finance, it will certainly have to be considered bad legislation. It seems to me that equal treatment should apply to the construction industry. The fact that the minister has been generous enough to make this allowance has certainly saved much hardship on the part of a number of truck equipment dealers in this country who faced the prospect of losing millions of dollars worth of orders. I therefore seriously urge the minister to consider the very severe blow that will fall on construction dealers in this country if this provision carries, and I am referring to those who are classified as unlicensed dealers.

Mr. Jones: Madam Chairman, my remarks will be brief since much has been said about the same matters and there has been a great deal of duplication. We have heard about the boat industry, small aircraft and the fact that a number of dealers, distributors, and so on, hold stock in inventory. When we discussed the question of inventory yesterday, the minister alleged that these dealers were in fact given notice because the budget tax was presented last spring. I suggest, Madam Chairman, that this was not notice to dealers or distributors, because it is common knowledge in the industry that orders for heavy equipment have to be placed at least 12 to 18 months ahead of time. Therefore, the bill should be amended accordingly and the minister should compromise. In view of the fact there does not seem to be a compromise or amendments coming from the minister, I should like to propose two amendments. The first is as follows:

That section 21, subsection (2), of Bill C-40, on page 11, lines 26 to 39, be amended by deleting clauses 11 and 12, and that the figures "11" and "12" in line 40 on page 11 be deleted in clause 13 thereof.

Secondly, I move:

That section 21, subsection (2), of Bill C-40 be further amended by adding the following new subsection:

"(9) If taxes previously imposed by this act have been paid on items in hand and in inventory or stock in trade, then the distributor or dealer having paid such taxes shall have the tax refunded or remitted."