

● (1520)

There is one other item I should like the minister to clarify regarding the tax on boats, and that is whether or not fishing boats will be taxed. I ask this because in my riding the lake fishery uses boats of a fair size, and the industry is at a rather low level. It is now being assisted by ARDA grants, the provincial government and various other programs, but placing an added tax on these boats would be an imposition upon the industry. I believe it is provided that boats used for fishing will not be taxed, but I should like to hear the minister himself directly say that this is so. I think it is most important that in general there is no excise tax on production items. For instance, I understand there is no excise tax on farm tractors, tools and other items used to produce goods. When the minister speaks perhaps he will clarify whether the clause on boats applies to fishing boats. The fishing industry is directly dependent on the use of boats as tools to enable the fishermen to earn their livelihood. With these requests, perhaps the minister in due course would answer my question regarding the tax on fishing boats.

Mr. Whittaker: Madam Chairman, first of all I should like to thank the Minister of Finance for amending the Excise Tax Act last Thursday so that clause 18 now encompasses regional districts, fire districts and unorganized territories. For almost two years I have been trying to get something done about this question, and this just shows that by persistent attack we can get the finance minister to see the logic of our arguments.

The tax on boats is a very serious matter for the manufacturers of boats in Canada, as well as for those who buy and use pleasure boats. Again I would ask the minister to tell us the philosophy behind this excise tax; I have never been able to understand it. Is the government simply looking for some easy money? Do they pick on industries which they feel will be easy marks, industries in which they believe the majority of the people are not interested or about which they do not care? Perhaps they feel they should tax areas that would appeal to the public. I believe the government's thinking is that the tax on the boat industry would be a popular move from the public's point of view.

The government is trying to use the excuse of energy conservation to justify its action. It does not tell the people that really it is looking for some easy money. It is desperately looking for sources of revenue to satisfy the spending programs of money hungry government departments. Surely the minister must worry about putting people out of work. In the three years the Minister of Finance has been minister we have had one of our highest average unemployment rates. The average trade balance deficit over those three years has been close to \$1 billion, whereas in the preceding three years we averaged a slight surplus. It is because these industries have been picked on that this deficit has been generated. The boat industry in Canada is not healthy; it has to compete with industries in other parts of North America which buy their components more cheaply. The Canadian boat industry has had to struggle in the past, at the best of times, without having to face an excise tax on its products.

Excise

Over 80 per cent of the boats sold in British Columbia have more than a 20 horsepower motor. The motor boat industry in Canada consumes less than 1 per cent of all gas used. This is hardly sufficient to justify an excise tax. The boat manufacturers have already been hit very hard by the energy crisis. For example, in one year the cost of resin used in making fibreglass boats has gone from 20 cents a pound to 56 cents a pound, almost three times as much. Plastic used in the upholstery of boats has risen in cost by 27 per cent. In 1973, a popular model of boat manufactured in my constituency sold for \$5,847, but in 1974 it sold for \$7,268. With the increase in tax proposed by the government, this boat will cost \$7,915 because of the increase in tax amounting to \$647.

I do not think this increase is going to deter people from buying boats. The tax on heavy cars certainly will not stop people who can afford to buy Cadillacs. This is really an additional source of revenue to the government. I hope the government will not do anything that will put the boat industry out of business, so I plead with the minister to reconsider the excise tax that he is proposing to place upon boats used for pleasure.

● (1530)

Mr. Smith (Churchill): Madam Chairman, when the excise tax bill we are dealing with was drafted, somebody must have been out to lunch, because they did not take into consideration the fact that in some parts of Canada boats are used for purposes other than pleasure. In my riding, boats are an essential form of transportation. As many as 30 communities in my riding do not have roads, and when you do not have roads the waterways become your avenues of travel. The people there do not have any choice in respect of paying this 10 per cent excise tax: they cannot say they will not buy a boat, because they require a boat as an essential means of travel. The government should seriously consider giving people in remote areas some sort of tax concession, because while these boats could be classed as pleasure boats, they really are not because they are essential to these communities. There is hardly a person in these remote areas who has a boat with a motor of less than 20 horsepower, and therefore they are subject to this 10 per cent tax. There are also a number of commercial fishermen in my area, and they use boats extensively. I should like to know whether they will be exempt from this 10 per cent tax.

We should also take a serious look at this 10 per cent tax on aircraft. The people who own aircraft in my constituency do not use them strictly for pleasure; many of them operate small lodges and use small aircraft to haul groceries to outlying stores. I repeat that the area I represent does not have an extensive roads system and many of the people who live there must rely on aircraft to get supplies to their operations. I am talking about the small operator who uses a 180-Cessna and hauls groceries 200 miles to supply a store in a remote area. I see the minister is agreeing with me, so I hope there will be action soon in this regard.

We must also be very careful when imposing these taxes on people in the remote parts of Canada. Yesterday I said that many jobs remained unfilled in northern Manitoba. Perhaps this is because of the high cost of living in the remote parts of the country. We are now preparing to