

pump and a power take-off, or some other device, and combine them into a piece of equipment which sells for \$3,000. But either of these items separately might be worth only \$500. In the past the department has held that when these components are combined it constitutes production for the purposes of the act.

Take the example of a manufacturer who makes a truck. That is merely transportation until someone puts a body or a piece of equipment on the back. But when fitted with a van body, a tailgate and a hydraulic lift, the additions, as a whole, may well be worth \$3,000, although the value of the parts separately is less than \$1,000 each. If any one of those articles is left off the buyer is not in possession of a complete piece of machinery. When the minister is laying down the rules I hope his officials will recognize this aggregate principle, so that when someone in the business describes a piece of machinery the aggregate principle will be applied.

I see that my hon. friend from South Shore has some comments to make. I believe I have made my point, and I see that the minister's officials in the gallery have noted my remarks as well. Having said this, I shall defer to my hon. friend.

**Mr. Lloyd R. Crouse (South Shore):** It is not my intention to speak at any great length on Bill C-40 or seek to delay its passage. However, there are a number of items in it which are causing me concern. One in particular appears in item 11 in clause 21 where we read that a special excise tax of 10 per cent will be applied against:

Boats, other than boats purchased or imported by Her Majesty in right of Canada for use exclusively by the Government of Canada, designed to be propelled primarily by motors exceeding twenty horsepower; and motors exceeding twenty horsepower (including drive assemblies) for boats other than boats purchased or imported by Her Majesty in right of Canada for use exclusively by the Government of Canada.

When this information became public knowledge following the budget speech, I received telegrams from several boat builders in my riding which I should like to place on record. One firm, one of the largest Canadian manufacturers of sailboats, expressed itself as follows:

Strongly oppose the special excise tax for pleasure boats and engines proposed in the November 18 budget speech. We feel this 10 per cent tax will strike a blow detrimental to the small boat industry which is already struggling in the grip of inflationary costs. We implore you to reconsider this proposed tax immediately.

Paceship Yachts,

Mahone Bay, Nova Scotia

Another telegram which I received reads as follows:

Dear Mr. Crouse, Your attention is directed to the forthcoming bill re 10 per cent excise tax on large outboards and boats. This is a drastic blow to a business and industry which is already staggering under inflation. Your co-operation please.

Corbett's Gun and Tackle,

Liverpool, N.S.

And from yet another boat builder:

Very unhappy with 10 per cent excise tax on outboard motors and boats introduced by federal budget. Anything you can do to eliminate or reduce this tax will be very much appreciated.

### Excise

Sealand Industries Ltd.

Gerald B. Stevens.

These are the people who have sent telegrams to me, but I have received other indications through personal contacts and by telephone from many others, citizens and boat builders in my riding, about this matter.

In his budget speech the minister stated that this special excise tax was proposed with respect to high energy consuming vehicles, effective immediately, and presumably he is following this course in order to conserve our dwindling supplies of oil. Nevertheless, I view this measure with considerable alarm.

The boat building industry in Canada, and especially in Nova Scotia, is already troubled by marketing problems. I would point out that boats and yachts, generally speaking, are luxury items and that when the economy turns down into a recession, as it has at the present time in Canada as well as in the United States, a yacht is one of the first things a person deletes from his budget.

**Mr. Hargrave:** I never had one in my budget!

**Mr. Crouse:** I suppose the second thing to be deleted is a light private aircraft. But in this instance I am dealing with boats for special use, boat builders, and the tax the minister proposes to place upon this industry. I would ask the minister to bear in mind that when the yacht-building business declines, a whole group of ancillary industries are forced to close their doors.

I recognize that the Minister of Finance (Mr. Turner) has a vast range of knowledge in probably many fields, but I venture, nevertheless, to offer him this information: the hulls of most yachts or pleasure craft are built in one place, the galvanized fittings are made somewhere else, the blocks and rope fittings in yet another place, and the dacron sails are made elsewhere.

Bilge pumps, small anchor winches, riding and running lights, galley equipment, toilet equipment and fittings are either manufactured locally or brought in from some other part of Canada. So when the boat building industry is closed down it is not unlike closing down the auto industry, since the ramifications of such an action are felt, though on a smaller scale, throughout the length and breadth of Canada.

Another question which comes to my mind concerns the simplicity of the wording of this provision. Does the word "boats" refer not only to pleasure boats but also to fishing boats? If it does, it opens up a whole new field of inquiry and concern. I am not going to get into that aspect this afternoon in view of the limited time we have available, other than to say that if it does apply to fishing boats it is something that will really add the finishing touches to an industry that is already facing high winds, heavy seas and cloudy weather. I hope that the minister in his reply will clearly indicate that this does not apply to fishing boats.

● (1530)

For the life of me I cannot understand the reasoning behind the minister's action, for this particular industry contributes a great deal toward our balance of payments since the major part of our yacht and pleasure craft manufacturing industry exports its production to the