

The Budget—Mr. Mitchell

conflicts of opinions which they arouse in the province of Quebec; faced with the resistance shown by the Quebec government, in order to fully retain the exercise of a right all its own; faced with the deep-seated reasons motivating its attachment to that right, its will to defend and maintain it, I do hope the problem will be on the agenda of the next federal-provincial conference; that it will be approached and discussed with frankness and in a spirit of co-operation and, above all, I do hope it will be solved through some agreement, that will take into account the very basis of federalism, which may be summed up in two words: unity in diversity.

Mr. Cardin: May I put a question to the hon. member for Bellechasse?

Mr. Dorion: Surely.

Mr. Cardin: I did not want to interrupt the hon. member during his interesting and significant speech. I believe the hon. member is probably the best qualified person to answer a question that I consider objective and quite important. Does the hon. member think that this government is justified in considering, as indicated by table No. 1 at page 2410 of *Hansard*, that the collection of direct taxes by the province of Quebec is a federal contribution to the provinces?

Mr. Dorion: Mr. Speaker, I realize that the problem put by my excellent colleague for Richelieu-Vercheres (Mr. Cardin) is complicated.

Some hon. Members: Oh, oh!

Mr. Dorion: The hon. member for Laurier (Mr. Chevrier) may laugh, but I have heard him say certain things that should have been thought over before they were said. Now, as I am in the habit of thinking before replying, I regret being unable to give an immediate and exact reply to the question asked by my good friend, particularly since I am unable to remember what the budget speech said on this particular point.

Mr. Dupuis: Mr. Speaker, I note that the hon. member for Bellechasse (Mr. Dorion) has been reading his speech throughout. Does he have to have a prepared speech in order to answer a question? Perhaps his speech has been written by Mr. Duplessis?

Mr. Johnson: Do not answer that, it is not worth answering.

Mr. Pigeon: We have no Maurice Lamontagne in our party.

(Text):

Mr. D. R. Mitchell (Sudbury): Mr. Speaker, in taking part in this debate I am not going to take up too much of the time of the

house and of course you can verify that by looking at the clock. In the few moments at my disposal I should like to comment on a part of the sales and excise tax regulations which were just brought in by the Minister of Finance (Mr. Fleming) and which I feel discriminates against a group of our citizens, in this case the small retailers or small business men. In saying this, of course, I put myself in the same position because I am a small business man. Surely it was not the intention of the minister to deliberately discriminate against this group but as I understand the implications of the regulations they do just that. I propose to read from the minister's budget speech and then the actual wording of the regulations to which I have reference.

In dealing with this subject in his budget address on April 9 as reported at page 2422 of *Hansard* the minister said:

I am proposing some technical amendments which will affect the application of the Excise Tax Act to toilet goods and pharmaceuticals. These amendments will go some way toward implementing one of the recommendations contained in the report of the sales tax committee of 1956.

Briefly, they will extend the definition of manufacturing to the packaging of toilet preparations and pharmaceuticals except where this is done in a retail store for sale directly to consumers and will also extend the definition of manufacturer to any person who markets private brand toilet preparations and pharmaceuticals except a retailer who sells directly and exclusively to consumers.

This amendment will apply to both the sales tax and the special 10 per cent excise tax.

After careful consideration, I am convinced that a serious degree of inequity exists at present in the application of the excise tax to toilet goods and pharmaceuticals. This is why I am proposing these amendments. In some instances, one domestic manufacturer is being treated unfairly in comparison with another, merely because of the way his business is organized. In other important instances products of domestic manufacture are being taxed more stringently than comparable imported products. The amendments I am bringing forward are designed to rectify situations.

The proposed amendment to the Excise Tax Act as recorded at page 2426 of *Hansard* of April 9 is as follows:

4. That the definition of "producer or manufacturer" be extended to include any person who packages toilet articles, preparations, cosmetics or pharmaceuticals for sale except where they are packaged by a retailer in his retail premises for sale therefrom directly to consumers or users.

5. That the definition of "manufacturer or producer" be extended to include any person who markets, except by sale at retail directly to consumers or users, toilet articles, preparations, cosmetics or pharmaceuticals manufactured under his own brand.

I shall attempt to analyse the import of these regulations as I understand them and try to show where they work a hardship on small retailers and their customers and thus play into the hands of the large retailers to