

Special War Revenue Act

as to how this figure is arrived at, I would inform the committee that \$793 is the published or list price of the automobile. In order to arrive at the price at the factory door certain discounts must be considered. There is a dealer's discount of 21½ per cent as well as a further discount of five per cent which is of long standing and which, I believe, was originally a distributor's discount. Recently this discount has been discontinued as it has not been thought to be justified by the conditions of distribution in the automobile business. If 26½ per cent is taken off \$793 and the tax of six per cent reckoned on what is arrived at, the tax will be shown as \$34.70. I desire to make it plain that that is the sales tax which is passed on to the consumer in every part of Canada, whether he resides in Halifax, Montreal, Windsor, Winnipeg or Vancouver. There is no discrimination against any section of Canada or any city of Canada. There is no additional sales tax passed on to the consumer by reason of the fact that Fords are assembled in Winnipeg rather than being manufactured only in Windsor, Ontario.

There is one other point I should like to make clear. I tried to explain this afternoon that the sales price upon which the sales tax is computed is the price of a manufactured article at the factory door when the manufacturing operation is completed. I think I stated also that we have to decide whether an operation is merely an assembling one which the manufacturer carries on for certain profit or convenience, or whether it is a further manufacturing operation. I stated to the committee that I would ascertain whether we regarded the operation carried on by Ford at Winnipeg as an assembling or manufacturing operation. I now state to the committee that such operation is regarded as an assembling operation, and not as a manufacturing one. I think that answers the question.

Mr. BENNETT: The minister said six per cent; did he mean six or eight per cent?

Mr. ILSLEY: I was referring to what had happened up to the present. Of course, from now on the sales tax will be eight per cent and there will be the other taxes provided for in this resolution.

Mr. DUFFUS: What applies to Ford cars, obviously applies to all others. The opinion which I have obtained since the recess is substantially the same as that given by the minister. There is what is known as the factory list cost and then there is what is known as the dealer's list, which is also known

[Mr. Ilesley.]

as the billing cost. Upon that sum the sales tax is based. While I am on my feet I should like to point out that the argument made by the hon. member for Wood Mountain (Mr. Donnelly) is not correct. He stated that a dealer is not penalized for taking in a used car. The fact is that a dealer may have sold a new car in December for delivery in May and in the meantime he may have sold the car taken in, in exchange. It is not now possible for him to increase the sales tax on that used car. I claim that we as a parliament should reimburse the dealer for the two per cent sales tax where a sale has actually been made to the ultimate consumer, because it is not possible for him to increase the price accordingly.

Mr. MacKENZIE (Neepawa): Following up the discussion of this afternoon I have in my hand a letter received from a man in Manitoba in which he states that when he went out to buy a car he found the price increased by \$28 because of the difference in sales tax. Would it be possible for this increase to amount to as much as that?

Mr. BENNETT: What was the price of the car?

Mr. MacKENZIE (Neepawa): No information was given. I know this man was driving a Pontiac last year.

Mr. BENNETT: That increase would be correct on a \$1,400 car.

Mr. ILSLEY: It would depend upon the price of the car. If the hon. gentleman would like to communicate with me further and give me the name of the car and the price asked, I can go into the matter and tell him whether or not the statements made by the dealer are correct.

Mr. McGEER: I understand the sales tax is the same all over, but the reason it is the same is because the assembling plants in Winnipeg or Regina absorb it. This extra cost imposed upon these assembling plants because of the sales tax may be the reason for closing down the assembling plant in Vancouver. It is not so much the actual difference in the price of a car in the west; it is a question whether the imposition of a sales tax on a freight rate on parts going out to be assembled at these western points may in itself be sufficient to prevent the development of assembly plants there. All I would say to the minister is that there seems to me to be an opportunity to investigate possibly some field of administration to see whether an adjustment could be made so that there