

Special War Revenue Act

stantial source of revenue in this and other countries has been the tax upon matches. The yield from that tax has been diminished to a very large extent by the use of the lighter, which bears no tax. To give you an idea of what it means in the way of taxation, in England the minimum tax on a lighter is a shilling. Here I am suggesting it should be only ten cents; I think I am overmodest. In France the minimum tax is thirty-two cents and it goes up to \$15.60 on an individual lighter. The revenue on matches last year dropped a quarter of a million dollars; it is in round figures \$1,000,000 below what it was four years ago. The tax is introduced solely for the purpose of endeavouring to protect that revenue.

Mr. MACKENZIE (Vancouver): A tariff for revenue, not protection.

Mr. RHODES: To the extent that this tax discourages the use of lighters, to that extent it will increase the consumption of matches and restore to the treasury that measure of taxation. My amendment is:

Provided that in either case the tax hereby imposed shall not be less than ten cents in respect of each such device.

Resolution as amended agreed to.

2. That schedule III to the said act, as enacted by section eighteen of chapter forty-two of the statutes of 1934, be amended by adding to or inserting therein the following words: "grain or seed cleaning machines; pit props and packwood for use exclusively in mines; casein."

Mr. RHODES: I have an amendment to this resolution also, adding after the word "casein" the words "wood shavings and sawdust". It is designed to remove the sales tax from wood shavings and sawdust.

Mr. REID: Before the resolution carries I should like to make another appeal to the minister with regard to the sales tax on peat moss. I realize that it would be hardly possible to impose a sales tax against which some section of the country would not complain, but my information is that this tax was placed on peat moss due to the fact that some firm in Alberta was using peat to make insulating board which entered into competition with other insulating materials already on the market, and it was thought only reasonable and fair, since there was a sales tax on insulating material, that peat made into insulating boards should be taxed as well. In British Columbia, however, peat is not used for that purpose. In that province peat moss is used by the poultrymen, and heaven knows that with the present low prices for eggs and high cost of feed the poultrymen cannot afford to pay any tax. It is used for litter in the chicken houses, and

[Mr. Rhodes.]

I appeal to the minister in all fairness to differentiate between peat moss used for the manufacture of insulating material and peat moss used for litter in chicken houses. The moss used as litter costs only about one-third as much as the moss used for insulating material, and it does not enter into competition with anything. I appeal to the minister on behalf of the poultrymen, and of course on behalf of the company putting up this material.

Mr. RHODES: At the moment I have not the data before me which would enable me to give my hon. friend a comprehensive answer but I will look into the matter, and if it is one upon which action can be taken I shall be glad to deal with it when we are in committee on the bill. In any case I shall be able to advise my hon. friend more fully at that time.

Mr. ILSLEY: I should like to ask the minister why these cigarette lighters are put in schedule I of the Special War Revenue Act. I looked up schedule I to see what it contained, and the only other commodity dealt with in that schedule appears to be automobiles. I should think this would be an ordinary sales tax rather than an excise tax. Is there some reason for putting it in with automobiles?

Mr. RHODES: I am advised by my legal advisers that it is in its proper place as an excise tax. That is the only answer I can give my hon. friend, who of course is a much better lawyer than I am.

Mr. ILSLEY: I thank the hon. gentleman for the compliment but I have found a great deal of difficulty in going through the various amendments and amendments to amendments contained in the statutes. If I may be permitted to make the suggestion, I think there should be a consolidation of the war revenue act in the statutes, for facility of reference. It occurred to me that there is a vast number of commodities subject to the sales tax, and this appears to be just another such commodity.

Mr. RHODES: No, this is an excise tax.

Mr. ILSLEY: Could the minister explain the difference? I cannot make it out from the act.

Mr. RHODES: This is a special excise tax on a given commodity and it is placed in the class with all other excise taxes which are applied upon an ad valorem basis. The only answer I can give is that the legal advisers tell me it has been placed in its proper schedule. That is the best answer I can give.

Resolution as amended agreed to.

3. That schedule IV to the said act, as enacted by section twenty-nine of chapter fifty