

"(g) 'dwelling' shall include business premises where the supply of gas or electricity for both the business and living quarters is metered through a single meter, or where a flat charge is made to cover both the business and living quarters."

3. Schedule II to the said Act, as enacted by section six of chapter fifty-two of the statutes of 1938, is further amended by adding to the said Schedule as paragraph four the following:—

"4. Carbonic acid gas and similar preparations to be used for aerating non-alcoholic beverages .....two cents per pound."

4. Schedule III to the said Act, as enacted by section seven of chapter fifty-two of the statutes of 1938 and amended by section four of chapter fifty-two of the statutes of 1939 (1st session), is further amended:

(a) by striking out under the heading of "Foodstuffs" in the sixth line the words "Fish and products thereof;" and replacing them by the following words: "Fish and products thereof, not to include canned fish;"

(b) by striking out under the heading of "Foodstuffs" in the tenth and eleventh lines the words: "Meats, salted or smoked (not to include the same when chopped, ground, parboiled or spiced);"

(c) by striking out under the heading of "Miscellaneous" in the first line the word "Electricity;" and replacing it by the following words: "Electricity, except when used in dwellings;"

(d) by striking out under the heading of "Miscellaneous" in the fourth and fifth lines the words: "Gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes;" and replacing them by the following words: "Natural gas and gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes except when used in dwellings;"

5. This Act shall be deemed to have come into force on the twelfth day of September, one thousand nine hundred and thirty-nine and to have applied to all goods mentioned therein imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

Hon. Mr. PARENT: May I call the attention of the honourable leader to an obvious error in line 24, page 1, where "for" is used instead of "or."

Hon. Mr. DANDURAND: I would suggest that this does not need any amendment. A clerical error can be corrected by the Clerk.

Hon. FELIX P. QUINN: Honourable members, I wish to protest against the tax of two cents per pound on carbonic acid gas, referred to in section 3 of the Bill. This is used in the preparation of ginger ale and other soft drinks, what are known as five-cent drinks, the poor man's drinks. From contact with men engaged in the manufacture of these drinks I know that at the present time they are finding it hard to make ends meet, and they will not be able to bear a tax like this, which would amount to \$1 a drum.

These soft drinks serve a useful purpose throughout the whole country. In many places, where the water is unfit to drink, they fill a very special need.

A large number of makers of these soft drinks are in business in a small way. A tax of this kind would compel them to raise their price to the retailer, who in turn would be obliged to charge the consumer six cents. As honourable members can imagine, this would result in a considerable decrease in sales, because people are used to paying a nickel for these drinks. Moreover, I think the amount of tax collectible on this item would be so small that it is not worth while for the Government to bother with it.

Hon. Mr. DANDURAND: Here is an explanation given by the Minister, Hon. Mr. Ilsley:

In view of the increased levies on alcoholic beverages, and on tea and coffee, it seems proper that some additional taxes should be imposed in respect of soft drinks. It is proposed, therefore, to place a tax of two cents per pound on carbonic acid gas and similar preparations used in the manufacture of non-alcoholic beverages. There will be no increase in the sales tax, but the base of this tax will be broadened by removing from the schedule of exceptions electricity and gas used for domestic purposes, salted or smoked meats, and canned fish.

With respect to this item, I must explain that my hands are tied, for we cannot amend a money bill, our power being limited to approval or rejection in toto.

Hon. Mr. MORAUD: This tax will not apply against the ingredients of imported soft drinks, and so soft drinks made in this country may be subjected to unfair competition from imported products such as Coca-Cola, Pepsi-Cola, and the like.

Hon. Mr. DANDURAND: No; but the soft drinks are subject to duty.

Right Hon. Mr. MEIGHEN: Is the duty being increased to correspond with this increase?

Hon. Mr. DANDURAND: I could not say.

Right Hon. Mr. MEIGHEN: That is very important.

Hon. Mr. BLACK: Though Coca-Cola and some other soft drinks bear an American trademark, they are manufactured in Canada. Therefore their manufacturers would have to buy their carbonic acid gas here and be subject to the increased tax.

Hon. Mr. DANDURAND: Yes. I doubt whether there are any considerable imports of such soft drinks.