

*Excise Tax Act*

the fishing industry is treated as compared with the assistance given to other industries in this schedule. For example, on page 3 we have mentioned barrels and boxes for fruits and vegetables but we have nothing comparable for the fishing industry. On page 4 we have mentioned internal combustion traction engines. We use a great many of these in manufacturing and processing in connection with the fishing industry but there is nothing comparable for the fishing industry. Then on page 8 we find the heading "machinery and apparatus to be used in manufacture or production" and down near the bottom of that paragraph we find an item which reads as follows:

Gasoline-powered and diesel-powered self-propelled trucks mounted on rubber-tired wheels for off-highway use exclusively at mines and quarries;

Here is a special concession given to the mining industry. In the fishing industry we have similar types of vehicles employed but they do not enjoy this same concession or an equivalent one. We have here a particular paragraph which reads in part as follows:

Rope and cordage of cotton, hemp, manila or other vegetable fibre,—

And so on. The Fisheries Council of Canada request that in this particular item there should be included rope with wire strands which is essential and which is very costly. The minister has not seen fit to grant even that small request. Then on page 5 steel pens are mentioned; they are under farm and forest. We have aluminum pens in the fishing industry but no equivalent consideration is given to items like that.

In this particular amendment materials for use only in the equipment and repair of ships over ten tons net register tonnage, I would like the minister to explain just what is comprised in the term "materials". Does it include articles of equipment? I cannot think of many materials which could be used for equipping a ship. I can see that in repairing a ship you would need paint, sheathing, metalwork and other materials of that kind, but when you come to equip a ship you use articles. I wonder if the word "materials" can be interpreted as articles such as anchors, sails, compasses, and other equipment a ship would require?

**Mr. Fleming (Eglinton):** Mr. Chairman, the question obviously goes far beyond the scope of the amendment. The word "materials" has its ordinary meaning. Materials are being scrutinized under this act every day as applied to all manner of use. Much of the answer to the hon. member's question is to be found in the first clause under the heading "marine and fisheries". I would invite him

to read that and I ask that discussion be confined to the changes being made here.

**Mr. Benidickson:** On this particular item which I referred to a few minutes ago I know that Ontario Hydro do require the construction of boats of this kind in my territory. I want to know whether the minister thinks they would pay a tax on them. They are a crown company provincially incorporated; they serve the province. I understand the provincial treasurer of Ontario has rebelled against paying taxes of this nature to the federal government and he thinks the same exemption should apply to the provincial crown company as applies under the British North America Act, I think it is, with respect to taxation from one level of government toward another.

I think it is material to the passing of this amendment to decide whether this is going to aggravate a field in which we have difficulty with the provinces. The minister is always inclined to say that everything is hunky-dory between the administration in Toronto and the Ottawa administration. I believe there is a real conflict. There is some withholding of taxes between the governments. It is a very nasty business and I think it might aggravate the situation—

**The Chairman:** Order. I did not intervene before but it seems to me the hon. member is really going too far in discussing such a big problem as one concerning the relations of the federal and provincial governments in the matter of taxation. I might point out to the hon. member that the only change which is brought forward by the schedule here relates to materials for use in the equipment and repair of ships over ten tons register tonnage. It does not refer to the purchase of boats by the Ontario Hydro or by a crown corporation in a provincial or federal field.

**Mr. Benidickson:** I am respectful of your ruling, Mr. Chairman, of course, but this is a matter which I indicated could conceivably be purchased by a crown company sponsored by a provincial government. I will overlook some of the broad issues, such as the withholding of taxes between one government and another and the standing off and ill will which seems to have been generated in consequence. But my question is whether, if we pass this, we are getting into a new arena of ill will because Ontario Hydro might be taxed under this section. I am asking the minister whether or not a ship or materials for a ship which might be purchased by a crown company of one of our provinces would, in the judgment of the officials sitting in front of him, be brought into taxation by the federal government and, if so, does the