

*Special War Revenue Act*

all practically own their own little telephone systems, all of them being joined in a larger rural organization. A message from one of these municipalities to another some distance away would be regarded as a long distance telephone call; it is so now. These people are poor farmers who are clearing jack pine lots. They would not mind paying on a long distance call to Winnipeg, a distance of 200 miles, but when they communicate from one municipality to another, going through each other's exchange, it is hardly fair to burden the residents in that part of the country with the extra taxation. The letter is signed by A. Sutton, secretary of the municipality of Chapple. I thought I would bring this matter up, and perhaps the minister can give me an answer when he replies to the hon. member for East Algoma.

Mr. RHODES: As I understood it, if the annual charge which the individual subscriber pays for telephone use permits the unlimited use of that telephone, within the circuit owned by the company, no matter how far it may go, how wide an area it may cover, then none of these messages would be subject to the tax. But if the subscriber is called upon, by reason of connection with other companies, to pay what is known as a long distance toll, then that long distance toll would be subject to the tax. I cannot speak with regard to the situation on Manitoulin island; I shall have to make a more careful inquiry. It would be impossible to give a correct interpretation with regard to an individual district. If that is what is known as a municipal owned line and the subscribers have the unlimited use of the service, then they would not be subject to the tax, but if it involves an additional charge when they connect up with another area, the tax would be imposed.

Mr. SPOTTON: Mr. Chairman, I desire to express my appreciation of the change the minister has made. I think it is a very fair arrangement but I agree with the hon. member for West Middlesex (Mr. Elliott) when he says that you can scarcely call a ten cent toll a long distance feeder charge. I have in mind certain farmers' telephone companies who have their centrals located out in the townships. In some cases these centrals are six miles or more from the marketing towns. A line goes into town to connect up with the Bell telephone and there is generally a charge of five or ten cents for this connection. I do not think such a call can be called a long distance call. I know there would be probably many difficulties in working this out but I suggest that the minister leave the door open for the officials to use their discretion.

[Mr. Heenan.]

I have one case in mind of a telephone company with its head office in a town of about five thousand. A charge of ten cents is made for a connection with the Bell telephone. These companies are doing a country business which the Bell telephone has refused to do. I had something to do with the formation of a telephone company twenty-five years ago, and I know that at that time the Bell telephone was out to crush every movement for an independent telephone system. However, these companies finally got on their feet and now the Bell Telephone Company sends its representatives around to try to help them out. I am afraid an opportunity will be afforded to the Bell Telephone Company to buy these companies out; it will be another step towards a complete monopoly. If these switching charges and calls to marketing towns could be left out of the definition of a long distance call, I think a great deal of the annoyance would be eliminated. I do not think a ten cent call should be considered a long distance call.

Mr. RHODES: I stated at an earlier period, I think when we were in committee on the resolution, that it was my judgment that a switching or service charge as such would not be subject to the tax. That is my interpretation of the bill, but if the call is what is known in the terminology of the telephone company as a long distance call, then it would be subject to the tax. There may be instances where service charges are not to be confused with long distance charges, and in that regard I can see no difficulty. I may say that if the situation as just outlined can be dealt with administratively there will be no desire on the part of the government to work hardship upon those users to whom my hon. friend has referred.

Mr. SPROULE: Many of these rural lines are owned by the municipalities or are run under private ownership and the Bell Telephone Company will have nothing to do with them except to exchange calls, perhaps for a five cent charge, but this charge is listed as a long distance call. I assume the minister was referring to the Bell telephone people when he said that it would be easier to figure a six per cent tax, but I do not think this company deserves much sympathy. They have lowered salaries but they have not lowered rates, and I think it is about time they should do something to meet the needs of the agricultural people. I would not have so much objection to the tax being applied on calls costing from twenty-five cents up, but I do not think it should be applied to these five-cent exchange calls. Those people who have