

Mr. SIM: That is a matter for consideration by the Minister of Finance. Perhaps this is a good time to remind the committee that the function of this department is administrative, and while we sometimes have the opportunity of saying a word to the minister in pre-budget discussions, the final decision as to what is going to be recommended to government must rest with the Minister of Finance.

However, I can confirm the rates of duty which the hon. member has quoted. They are, as he has indicated. It will be recalled that there was one member of the committee the other day who was interested in lures from the standpoint of being manufactured in his constituency.

Mr. BELL (*Carleton*): I have one further matter in addition to that. You remember that the licence fee that was collected from licensed manufactures was repealed last year. Has that caused any problem of administration?

Mr. SIM: Only one. It was a very good thing. It was a nuisance tax and I felt reluctant to say to someone you give two dollars for the privilege of paying this tax. When we had the annual licence, it gave us a year-to-year control of manufactures, and we were pretty well assured from the applications being renewed that we were dealing with active businesses.

There were one or two problems arising out of this permanent licence in that some people may continue to have licences who should not have them. We also find in this statute,—and it is one of the few of our revenue statutes,—that there is no provision for the cancellation of licences by the minister. The hon. member will recall from his experience in regard to the Customs Act and the Excise Act that the procedure gives the minister complete right of cancellation of licences for cause. This is one of the little problems for which I think we will have to suggest something be done, when we get to the house with our bill.

Mr. CATHERS: I would like to ask a question regarding sales tax on purchases by municipalities. I have a question in connection with the use of chlorine, either in the water or the disposal plant. That was not allowed and I would like to know how you people could adopt the ruling you did in view of the wording of that act.

Mr. SIM: I do not know that I recall this case. Was it chlorine?

Mr. CATHERS: I am not sure of the product.

Mr. SIM: I remember this argument. It is sort of a legal argument. You must remember that taxing statutes must be construed strictly—but while we endeavour to bring to that the saving grace of common sense—we still have a responsibility in so far as the revenue is concerned.

The exemption under which chlorine was claimed in the particular case under discussion, I am advised, was this: goods for use as part of sewage and drainage systems, and for purposes of this exemption of such goods, any agency operating a sewage or drainage system for or on behalf of a municipality, may be declared a municipality for such purposes by the minister. "Goods for use as part of sewage and drainage systems", and our solicitors advised we could not so hold, this chlorine so we had to refuse.

One of the anomalies that arose in that regard was that we had to allow chlorine for use in the water systems. It was hard to explain why they could get chlorine for the water systems which was an essential part of the system for taking water that was unfit and producing water that was drinkable but in that case it was a material that was used in the process of manufacture and, therefore, exempt. But it was not exempt when used in the sewage system. This is the sort of thing on which no doubt hon. members would wish to make representations to the minister in order to obtain some amendment that might give relief.

Mr. GRAFFTEY: I would like to bring to the attention of the committee that while both Mr. Cathers and the minister at our last session discussed the