

city to buy its own gravel as a separate item in order that there may be the greatest ease in the administration of the sales tax rather than to have in each contract a separate item which will show the price of the gravel. Really that is the object of handling the matter in this way.

Mr. McGEER: There is the danger that a contractor supplying gravel to a city and at the same time supplying gravel for the construction of a building, which latter gravel would not be exempt, may not keep his accounts so accurately as to be able to separate the gravel, and may chisel on one or the other contract, so that he would not get the benefit of this exemption in his public business. Speaking with some knowledge of general administration in cities, I do not think there will be very much difficulty in meeting the situation where the amount of gravel to be used in the contract is sufficient to make the sales tax a factor, and I do not see any difficulty in meeting that situation.

Mr. STEVENS: May I point out to the minister that the only difficulty arises in this way, that in some provinces, notably British Columbia, they have no counties or townships; they use the term "municipalities." We have dozens of districts there which are termed "municipalities," but which are exactly the same as counties in Ontario or other eastern provinces.

Mr. DUNNING: They are called "municipalities," and the new amendment will cover them.

Mr. STEVENS: But why should they not be on exactly the same basis as a county? Perhaps we ought to call them "counties," but we do not. They are exactly the same as the county of Frontenac, the county of Carleton or any other county; they have just the same organization, but they are called "municipalities." The minister will please bear in mind that this does not affect only the large cities. Take the numerous small municipalities, as we call them, or what would be called towns in Ontario—

Mr. DUNNING: They would be exempt all the same; all they would have to do would be to purchase the gravel themselves, and they would be exempt.

Mr. STEVENS: Why should they have to purchase the gravel themselves while the county does not have to do so? Why could you not simply say "provincial, municipal, county or township roads," and this would cover the whole business.

Mr. DUNNING: But you do not get away from the administrative difficulty of which I spoke.

Mr. BENNETT: If the minister will look at his amendment I am sure he will realize that it does not accomplish the purpose he has in mind. He brings into this committee a resolution which exempts from all sales tax crushed stone or gravel to be used exclusively in the building or maintenance of provincial, county or township roads, wholly irrespective of by whom it may be purchased. That is the position. Now, what is suggested is that we add the word "municipality," and if there is difficulty about administration—

Mr. DUNNING: With but one qualification.

Mr. BENNETT: No; there cannot be even that. The government proposes to exempt from taxation any crushed stone or gravel used exclusively in the building or maintenance of provincial, county or township roads. Now we add a fourth class: municipal. As far as administration is concerned the proposed amendment complicates the matter. It means that unless they are in the business themselves they do not get the exemption.

Mr. DUNNING: No; in that case they merely require to purchase their gravel.

Mr. BENNETT: But they must sell it to the contractor. Suppose, as the hon. member for Vancouver-Burrard (Mr. McGeer) says, they call for someone to repair half a mile of street. He puts in his tender. Of course he adds the sales tax.

Mr. DUNNING: No; they call for tenders less the gravel, which they supply themselves.

Mr. BENNETT: Then, why say with respect to township, county and provincial roads that there is not going to be any trouble, and that there is because you add municipal? If it is good for three it must be all right for the fourth.

Mr. McGEER: Where could there be any difficulty in administering that tax where you exempt the provincial authority? I shall give a concrete example. We have about three large crushed stone and gravel companies in British Columbia. They supply gravel to one province, to the unorganized territories and to the cities, and in addition the same companies supply the bulk of the gravel used in all buildings. There could not be anything more comprehensive than the activity of the General Gravel Company. They are in every line of business. If the