

(b) indirect taxation within the province in respect of the sale of goods (except goods sold for shipment outside the province) to a buyer for purposes of consumption or use and not for resale, at a rate not exceeding three per centum of the sale price, but not so as to discriminate between sales of goods grown, produced or manufactured within the province and sales of goods grown, produced or manufactured outside the province and not so as to discriminate between sellers or classes of sellers of the same class of goods."

This proposed amendment deals only with the sale of goods. It would therefore presumably not apply to such things as electrical power, or services provided by laundries, theatres, hotels, restaurants, barber shops and the like. It was our understanding that this amendment should enable the province to impose this type of tax wherever it is a more convenient method of raising revenue from the people in the province who get the benefit of goods and services available in the province. It therefore seems to us that the proposed amendment should make it clear that it covers these other types of industries which provide services directly to the consuming public.

Our advisers have suggested that since the proposed amendment, in prohibiting discrimination between sales of goods local to the province and those from outside the province, makes no specific mention of goods manufactured partially outside and partially inside the province, it might be possible to evade the prohibition by discriminating either against or in favour of goods partially manufactured within and partially without the province. Your government may desire to provide against any such possibility.

Yours very truly,

Douglas Campbell

The Premier

The Government of the Province of New Brunswick

Fredericton, February 2, 1951

Hon. Stuart Garson, K.C.,
Minister of Justice,
Ottawa, Canada.

Dear Mr. Garson:

This has further reference to your letter of January 2, with which was submitted for consideration by the government of this province two proposed amendments to the British North America Act, one respecting old age pensions, the other a provincial sales tax.

We look upon these matters as quite distinct one from the other and capable of separate action.

As to the first relating to old age pensions, we understand this is being sought in order to make certain that the parliament and government of Canada have authority to implement the old age pensions plan enunciated on behalf of that government at the recent federal-provincial conference on fiscal and social security matters. If the federal government is satisfied that this proposed constitutional amendment is sufficient for such purposes, we are quite willing that the act be amended accordingly.

As to the second proposed amendment involving constitutional changes which would permit the provinces to impose indirect taxation by way of a sales tax, we feel that the proposal advanced will not meet the situation of the provinces, fixing as it does the maximum tax that could be levied thereunder at three per cent.

In our view the main and overriding purpose of such an amendment is to be found in the advantage which would accrue to the provinces through being

able to impose such indirect taxation in lieu of a purchasers' or consumers' tax such as is now found in five of the provinces. In at least two of these, including our own, the existing tax rate is in excess of three per cent. In the light of this situation we can see no advantage to be gained through a constitutional amendment which would limit or restrict a province in the manner suggested.

We would strongly urge that the federal government amend its proposals to permit the imposition of a tax at a higher level; to meet our situation it should be at least four per cent.

If this is done we shall be very glad to give further consideration to the form and content of the proposed amendment.

Yours sincerely,

John B. McNair

Premier's Office
Saskatchewan

Regina, February 5, 1951

Hon. Stuart Garson, K.C.,
Minister of Justice and Attorney General of Canada,
Ottawa, Ontario.

Dear Mr. Garson:

The Saskatchewan government has studied the two proposed amendments to the British North America Act respecting old age pensions and a provincial sales tax contained in your letter of January 2, and also the addition of certain words to the provincial sales tax amendment contained in your letter of January 20.

We are satisfied that the wording which you have suggested for the two proposed constitutional amendments will carry out the spirit and intent of the decisions arrived at during the federal-provincial conference of last December.

The Saskatchewan government will submit the proposed constitutional amendments to the legislature as soon as possible with our complete endorsement and support. We feel, however, that on so vital a matter as endorsing important changes in the British North America Act the legislature should place the seal of its approval upon what is being proposed.

Yours sincerely,

T. C. Douglas

Office of the Premier
Province Of British Columbia

Victoria, February 6, 1951

Hon. Stuart S. Garson, K.C.,
Minister of Justice,
Parliament Buildings,
Ottawa, Canada.

My dear Mr. Garson:

This is to acknowledge receipt of your letters of January 2 and January 20 with reference to the proposed amendments to the British North America Act.

Please be advised that while the government concurs in the draft legislation you have submitted, it has been deemed advisable to secure legislative approval of same. Consequently a formal resolution will be presented to the legislature within two or three days of the opening of parliament. It is