

*Special War Revenue Act*

becomes a long distance call, because the farmer has to have permission to send his message over the line of that company. The New Brunswick Telephone Company has practically a monopoly in that province, and they need not hook up with our farm lines unless they wish to do so. But as it is, even though the call is made over a distance of only two or three miles, it is regarded as a long distance call, and according to this legislation the farmer will be charged for a long distance message.

Mr. RHODES: I must say that I do not see the difficulty suggested by my hon. friend. The telephone companies have raised no such question.

Mr. VENIOT: No; they would not raise it by any means, but if the farmers' telephone systems knew of it they would raise the point.

Mr. SPEAKMAN: I want to ask a second question based upon my first, which was whether or not this tax would apply to provincially owned lines. The minister knows that a number of these telephone systems belong to and are operated by the provinces; in other words, they are crown properties in the right of the province. Has the dominion the right to tax crown property held in the right of the provinces, property controlled and operated by the government of a province and not by a private company?

Mr. RHODES: We are not taxing property held in the right of the province, we are taxing messages. The law is very clearly established that where a province engages in an undertaking of this character it shall not be exempt from taxation.

Mr. SPEAKMAN: That was my question.

Mr. RHODES: That was settled in the case of Attorney General of British Columbia vs. Attorney General of Canada, reported in 1924 Appeal Cases. The liquor commission of British Columbia attempted to evade the payment of excise and customs taxes and it was found that wherever a province engages in business it is subject to taxation. I might point out to my hon. friend that the tax is being placed upon the message, and is paid by the individual and not by the company. I do not think there is any shadow of doubt on the question of the legality of the transaction.

Mr. SPEAKMAN: The term "property" was used, and that is why I asked the question. I wanted to know whether or not that term included provincial governments.

[Mr. Veniot.]

Mr. RHODES: I should like to come back to the question asked by the hon. member for Gloucester and request that he give his illustration in terms of locality.

Mr. VENIOT: The New Brunswick Telephone Company has a central office at Caraquet, and a message to Lower Caraquet, a distance of seven miles, is not considered a long distance message. The company has a line running from Bathurst to Caraquet, and at certain points the farmers' telephones hook up with the other system. The minute the farmers' line reaches the line of the New Brunswick telephone system a message going only a mile is considered to be a long distance message.

Mr. RHODES: What is the cost of such a message?

Mr. VENIOT: About fifteen or twenty-five cents.

Mr. RHODES: Does my hon. friend say that the minimum charge would be fifteen cents under those conditions?

Mr. VENIOT: Yes.

Mr. RHODES: In that case the tax would be less than six cents on six messages.

Mr. VENIOT: I do not care how small the tax would be, there should be no discrimination because of a peculiar situation. This condition will be found not only in Gloucester county, but in Kent and Northumberland counties and in other sections of the province.

Mr. RHODES: I do not know that the discrimination arises out of the tax; it apparently arises out of the attitude taken by the telephone company. Even if it were to arise out of the tax, it happens inevitably in connection with any law of general application that there are points where greater hardship will fall on one individual than on another. That is inescapable, but I may say that such a case had not hitherto been brought to my attention. If there is any way to remedy any injustice by means of regulation, that will be done.

Mr. MALCOLM: The minister will realize that my hon. friend is referring to switching charges of five, ten or fifteen cents each, and a regulation exempting such charges up to a certain amount from the application of the tax would cover the point.

Mr. RHODES: This is a matter which had not hitherto been brought to my attention and is entirely new to me, but I have no doubt it could be met by regulation.