

*Sales Tax on Equipment*

because it is not listed as a deductible item. Land clearing and clearing bush is listed, but certainly rock picking is just as expensive a job as any other land clearing operation, but because it is not mentioned it is not allowed. The effect of the many of the provisions in the act before us depend on their interpretation.

I am not a lawyer but I have heard many times that justice must not only be done but must be seen to be done. The hon. member for Qu'Appelle-Moose Mountain mentioned the municipality that plows a north-south road which is a boundary road. I ask the parliamentary secretary, Mr. Speaker, can he imagine such a machine being exempt from this tax simply because it did not put the snowplow down when it may have travelled 20 miles over a road or entryway that needed cleaning? Can he imagine that sort of interpretation? I am quite sure the experts would be happy if the minister or his officials would explain these laws so that justice may appear to be done.

• (1730)

I mentioned the case of the airfield, and the snowplow that travelled 80 miles with a little bottle of medicine. According to law, these machines are excluded from sales tax exemption. I realize that no matter what law we have, there are ways around it. I will give an example of this. A municipal machine cannot build a ditch but the municipality has complete responsibility and control over safety on the waterways. I think we need a broader interpretation in this regard and I support the motion of the hon. member. I hope members opposite will consider this matter and accept this motion calling for an amendment to the law, and I trust the ministers concerned will accept the advice given during this private members' hour.

There are always ways to avoid taxation. I do not think municipalities are trying to avoid taxation, but they become frustrated when an inspector tells them they cannot build a driveway or diversion road because it is not on their land. We know there is an easy way around this. If it is for the benefit of the community, the owner could donate or sell the land to the municipality. Instead of nitpicking we should look at this matter closely. Any flagrant misuse of taxation policy is very noticeable. I do not think there will be any question of municipalities doing that. Taxpayers are the most important people to them and they will not let private contractors suffer at their expense. Our budget and the budgets of municipalities simply do not allow that sort of thing.

I strongly support this motion. If the House will not accept this amendment I strongly urge that the interpretation of the relevant laws be made more flexible.

[*Translation*]

**Mr. Joseph-Philippe Guay (St. Boniface):** Mr. Speaker, I would like first to refer to the question which I addressed a little while ago to the hon. member for Waterloo (Mr. Saltsman) and which has remained unanswered.

[*English*]

First, however, I would like to congratulate the hon. member for Qu'Appelle-Moose Mountain (Mr. Southam). I believe he is sincere in what he is doing. If he were not concerned with the area of municipalities he would not

[Mr. Gundlock.]

have presented this motion to the House. I, too, am concerned. It is for that reason I am speaking in this debate.

I did not receive an answer to the question I directed to the hon. member for Waterloo (Mr. Saltsman) a short while ago. I feel a member cannot belong to a political party in this House and speak against some action of the federal government when his party, which forms a provincial government, has done the same type of thing. I refer to Manitoba and the sales tax it has applied to machinery such as is referred to in the motion of the hon. member for Qu'Appelle-Moose Mountain.

We have a sales tax in Manitoba which affects the purchase by municipalities of many of the items mentioned in this debate. The sales tax in Manitoba is not the same as it is in Quebec. In Quebec there is an 8 per cent sales tax on many items but the municipality receives a 6 per cent rebate on that sales tax. That is not the case in Manitoba. When the sales tax was first implemented in Manitoba by the provincial government every property owner was receiving a \$50 rebate on school taxes. This was done until the government came up with what it thought was a better idea. When they imposed a 5 per cent sales tax they eliminated the \$50 rebate. We have lost the \$50 rebate on school taxes but we are still faced with the 5 per cent sales tax. This applies to such items as Kleenex, toilet tissue and other necessities and it also applies to machinery. There is no rebate to the property owner. Also, we still pay a 4 per cent tax on utilities. There are problems for municipalities which represent the grass-roots people. I wish to refer to an information sheet of the Canadian Federation of Mayors and Municipalities. I think it indicates the problem of the high cost of operation of municipalities. I will then refer to what I think should be done to help them. The title of this article, which appeared in CFMM Information of Thursday, February 10, 1972, is "City requires federal tax aid". I quote from the article as follows:

With the cost of home ownership and rental already excessive, a 5.6 per cent increase in Ottawa's 1972 mill rate—meaning nearly \$50 more in taxes for a home assessed at \$8,000—is sad news. And there are more tax announcements to come.

• (1740)

On the evidence available in the budget statement, it is not the city's managers who are to be faulted. As ever, the issues raised by the operating budget lie more on the revenue than the spending side.

A 16.6 per cent increase in spending is, indeed, a very considerable amount. Much of it is accounted for in salaries, notably the whopping 1971 arbitration awards to police and firemen. There is strong argument here for wage moderation, which has been taking hold in other sectors of the economy, in 1972 settlements. There is argument too on behalf of efforts to rationalize staff in the personnel study now nearing completion at the City Hall.

But a 22.8 per cent increase in the municipal mill rate, explained by the changing impact of the provincial grant structure, is not tolerable at all. Yes, the time has more than come for a massive swing to unconditioned grants. Just as important, if the city—and region—are to have any room to manoeuvre in their spending plans, there must be new tax sources made available.

Now I should like to quote the following passage from the Speech from the Throne of October 8, 1970.

Much progress has already been attained in these areas, housing and the provision of the many services necessary in an urban environment, but much more remains to be done. To solve the