

Sales Tax on Equipment

[English]

Mr. Guay (St. Boniface): If the hon. member for Waterloo (Mr. Saltsman) means what he says, Mr. Speaker, then why is it that his party, which forms the government in Manitoba, does not alleviate the burden of the municipalities and give them a 5 per cent exemption? He speaks one way here in Ottawa, and the contrary way in Manitoba.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member should not take advantage of a point of order to ask a question. Further, this was more an expression of opinion than a question. The hon. member can seek the floor in due course and say what he has to say with respect to the motion.

Mr. Saltsman: Mr. Speaker, it is one of my great ambitions to hear the hon. member who has just spoken make a speech rather than an interjection.

Mr. Guay (St. Boniface): I will speak in a minute.

Mr. Saltsman: The real point at issue is whether we are going to give municipalities some benefit of the doubt in terms of when equipment they have acquired for their own purposes may be used for another purpose. We are not talking about resale, I think that is fairly clear. Any question of a municipality buying a piece of equipment without sales tax and selling it, is a red herring. I do not know of any municipality doing this. We are talking about equipment bought for one purpose by a municipality and then, in view of its emerging needs, the council may decide to use it for another. Under the present legislation, a private contractor could say that a certain field of operation is his exclusively and that the municipality must not become involved in it. Had we adopted that philosophy at the beginning, no sewers or sidewalks would now be maintained by the municipalities. The maintenance of all those things we so carefully provided for ourselves within a city would be excluded, because they were provided by a private contractor of one kind or another.

• (1720)

I think it is wrong for the government to take this adamant position in reference to this particular section of the Excise Tax Act. I can appreciate the argument of neutrality as well as anyone else; the argument that we should not favour public enterprise over private enterprise. If this were applied equally throughout the economy, there might be some validity to the argument. The taxpayer is not neutral. Certain aspects of the private economy are not available to municipalities. When we give moneys to companies for research purposes we do not apply a yardstick to determine what those companies are going to do for the national interest and whether they are competing with any public enterprise. That money is given because some research is being carried out, although perhaps it is not going to be used in Canada at all. In the case of multinational corporations, the benefits may accrue to another country. There are many aspects of neutrality in the areas I have described.

As I have said, there are many things that could be said at this time, but in deference to other members who wish

to indicate their support for the measure before us, I shall conclude my remarks.

Mr. D. R. Gundlock (Lethbridge): Mr. Speaker, I am happy to support this motion this afternoon and I do so having had a good deal of experience as reeve, councillor, and county chairman. In these roles, I have dealt with the matters that the hon. member who put forward the motion has mentioned. I am familiar, at first hand, with the small examples, if we want to use the word "small", to which the hon. member has referred.

I have heard the hon. parliamentary secretary put forth the government side, the rules and regulations. I have dealt with these personally. One of the reasons I should like to support the motion is an answer given by the former minister of finance to a brief submitted by the Saskatchewan Attorney General, Mr. D. V. Heald as reported in the *Rural Councillor* of September 1, 1970. The brief made certain recommendations but the minister's reply was simply that "no amendment to the act is proposed". The matter was raised later and the minister's response to the Provincial Attorney General was to the effect that restraint of inflation was a major consideration in forming the policies. Mr. Speaker, I find it very hard to relate "restraint of inflation" to this sort of thing.

The hon. member for Qu'Appelle-Moose Mountain (Mr. Southam) mentioned a case concerning the clearing of an airfield in the wintertime so that an air ambulance could land. The investigating inspector suggested that perhaps the sales tax on the snowplow would have to be refunded. This sort of thing is difficult for municipalities to accept in a practical way. I suppose the parliamentary secretary would quote the section of the act to me and say that piece of equipment was not used to build a road or to clean a road. I maintain that, in a practical way, the machine was most certainly cleaning a road, whether it was a roadway for an air ambulance or a roadway for a school bus or whatever.

I think the problem really lies in the interpretation of the act. We had a very strict interpretation of it a moment ago from the parliamentary secretary. In any interpretation, not only of legal words and acts, there must be flexibility. Some years ago when I was chairman of the county of Warner in southern Alberta, we sent a snowplow 80 miles into another municipality with a bottle of medicine because it was the only machine that could be found to deliver it. The machine went through the border town of Sweet Grass where the customs and excise men were located. They heard about this grader going into another municipality and we were told we had better be more careful.

If the government is not willing to amend the act, the minister should talk to his inspectors and ask them at least to be reasonable and use some flexibility in interpreting these words. We run across this all the time. A month or two ago when we were debating the tax reform bill, I recall asking the parliamentary secretary to consider including in the list of exemptions, rock picking. I know this does not have much to do with the present motion, but the point I am trying to make is that there should be flexibility in interpreting certain laws and regulations. I mentioned rock picking because I am a farmer. It is not an expense of farming to contract rock picking simply