

*Special War Revenue Act*

dollars, a two cent stamp should be put on it for every fifty dollars or fraction thereof over and above the first fifty dollars in order to have a fair taxation. That is not being done, but I will not discuss that particular phase of the question. I desire to discuss particularly the creamery phase of this matter. I am a director in one company that pays most of its accounts in small bills, and this concern is doing more than any other in the country, taking into account the amount of capital involved, towards helping to make Canada prosperous.

Mr. ANDERSON: Is it a farming institution?

Mr. WARNER: It is connected with agriculture. Last year we had a turnover of over \$3,500,000 and most of it comprised small accounts. We do not make many cheques of \$50, and the few we handle of this denomination are used in connection with supplies. But in buying cream we do not make one of \$50. I have here two different statements to which I shall refer. The other night I made a statement regarding this matter in the course of which I submitted several quotations, and to-night I want to put on Hansard the views of two different creamery managers one of whom is the secretary of the Dairymen's Association in Alberta with regard to the payment of this tax. We must remember that this is part of overhead; you cannot get away from that and you need not think it possible. The producer will pay it in the end simply because the world's market fixes the price obtained for the butter that is made in these creameries. The creameries cannot decide that the price shall be a little more and in that way make the consumer pay his share of the tax; it will come back finally to the man who is producing. In this connection I would point out that we have instituted the system now practised as a means of securing a better quality of butter and thereby giving a better return to the producer. That is what it was done for; it was not done in contravention of the law. I read to the House and put on Hansard the other day a statement from the secretary of the National Dairy Council pointing out that the dairy cheque had been interpreted by the Department of Customs and Excise as a receipt. It is not a cheque, and in following this interpretation they are acting on the advice of the department. They issue these receipts for milk and cream, and they are not doing it to get away from the law in any sense. I do not want to labour this matter, but I do want to impress on the committee the fact that the system which is now in operation, and which is the result of care-

[Mr. Warner.]

ful study over a number of years, is designed to produce the highest quality of butter from our cream. The cream has to be delivered in small lots and it requires almost daily deliveries to get it in such condition as would turn out the sort of butter that the markets of the world demand and which brings the highest price.

As to passing on this tax, I do not think that it will be doubted for a moment that it forms part of the overhead. On this point let me read what one creamery man says in Saskatchewan. Mr. J. A. Calder, president of the Saskatchewan creamery, writes to the editor of the Western Producer as follows:

Editor, The Western Producer:

Dear Sir,—I noticed a reference in your last issue to the new ruling proposed in the budget speech whereby grain tickets will in the future be subject to the revenue stamp tax. This is not so serious a matter, however, as the fact that it is proposed that cream tickets and produce tickets shall also be taxable. Tickets issued for grain are usually large tickets and it only means two cents on each \$50.—

There are hardly any grain tickets for less than \$50 and none for amounts less than \$10. These therefore are out of the question altogether. Next come the creamery and produce tickets. I do not know how much produce would be handled by this method but the dairy cream receipts are the documents particularly referred to in this connection. He goes on to say:

—but last year our company alone bought 200,000 cans of cream with an average value of slightly under \$5 per can—

Mr. ROBB: They are being relieved right now in that respect; they are no worse off than they were last year.

Mr. WARNER: I note that, and I thank the minister for what he has done. But I want to point out where he might do a little better.

—and if each one of these cream tickets had to bear two cent revenue stamps it would have meant \$4,000 on last year's business—

Mr. ROBB: But they will not have to bear the tax under the proposed arrangement.

Mr. WARNER: I will give my view of the matter later on, if you please. I understand quite well that the amount now fixed is \$5. This writer continues:

—and on a basis of the 1925 production it will cost the dairy farmers of the four western provinces at least \$100,000, and this figure will possibly double every three years.

As you know the system in use in this country is to pay for each can of cream individually by a separate remittance. We must pay three cents postage on the letter and we must pay the bank five cents for cashing the ticket and then there is the stationery used, so that it now costs us ten cents to remit for