

*Special War Revenue Act*

Mr. ILSLEY: There is a misunderstanding. I was not covering a case such as that just put by the hon. member. I was speaking about a case where a car is not completely manufactured at Oshawa or Windsor, as the case may be, but is manufactured in Winnipeg.

Mr. STEWART: Assembled.

Mr. ILSLEY: Assembled, put together, where the parts are taken to, and the manufacture of the car is completed in, Winnipeg, the cost which has entered into the manufacture of that car at that point when it is completed is the cost on which the tax is levied.

Mr. STEVENS: May I point out to the minister that there is a vast difference between manufacturing and merely assembling a knocked-down car. For instance, that car is made in Oshawa and is tested there. Then for the purposes of shipping they may take the wheels or the top off, putting the top in a case, and then it is shipped. I do not think that is done now to any great extent, but it used to be. Automobiles used to arrive at Vancouver in cases in freight cars. As soon as a car was unloaded they would put the wheels on, fasten on the top, and do a few other operations. But that is not manufacturing. That certainly could not be considered the point where the manufactured article is completed, and if there is any possibility that that is being done—

Mr. YOUNG: It is being done.

Mr. STEVENS: —I think it should be challenged and definitely changed. The cost of delivery of a car will run about \$200; roughly speaking I think that is about the freight on various weights.

Mr. ROSS (Moose Jaw): A hundred and some dollars.

Mr. STEVENS: It will run, I think, as high as \$200 on some of the heavier cars; it is between \$100 and \$200. Well, eight per cent on say \$150 gives you \$12 additional, merely on freight. Let me ask the minister this question: Assume that it is an imported car bought in Detroit, we will say, and shipped to Vancouver, to take an extreme case. Does the department impose the sales tax, when customs entry is made, on the price of that car in Detroit plus the freight?

Mr. MOORE: Why speak of a car having been wholly made in Oshawa? I happen to know that the Oshawa plant buys parts and materials from two hundred factories, principally in other cities than Oshawa, and the question arises as to where a car is really manufactured.

[Mr. Stevens.]

Mr. STEVENS: That has been covered by the law for many years. We call these cars manufactured in Oshawa, but they are really assembled there. Certain portions of them are actually made there from raw material but a substantial percentage of each car consists of imported parts which are there attached to the locally manufactured parts. That is all covered in the law.

Mr. DUNNING: No.

Mr. STEVENS: The minister shakes his head. It has been covered in the law for fifteen years. I remember that around 1920, 1921 or 1922 we went to a great deal of trouble to determine how we could declare what was made in Canada and what was not, and then there were certain rebates and all that sort of thing. I think you deal with it to a certain extent in the resolutions now before us. In any case we have dealt with that matter in parliament over and over again, but what I mean is this: to all intents and purposes when the car leaves the factory in Oshawa it is a delivery by the manufacturer of the car.

Mr. BENNETT: It is completely fabricated.

Mr. STEVENS: Yes, whether it is assembled or manufactured. But if that car is delivered in Ontario, and the sales tax is imposed on the factory price at Oshawa, it is vastly different from a car delivered at Regina, Moose Jaw, Calgary or Vancouver with freight added, and in equity at least it would impose upon western purchasers a gross injustice, in forcing them to pay sales tax on the freight. The object of the sales tax is that it should be a manufacturer's tax. That is the basis and the whole theory of a sales tax. When the car leaves that factory it should go into the hands of any Canadian purchaser from Aklavik to Halifax and from Victoria to Montreal—

Mr. DUNNING: The commissioner says it does.

Mr. STEVENS: That is the essence of the whole business.

Mr. MOORE: The object of assembling cars in Winnipeg, I assume, is to reduce western costs. When I was speaking of assembling in Oshawa I was speaking of the first stage of assembling, because you have different stages. There are cars also that are completed there, but in the matter under discussion now apparently the car is not completed in Windsor. For the purpose of reducing costs in the west the car is shipped to