

CANADA

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# BUDGET SPEECH

DELIVERED BY

HON. JAMES A. ROBB

ACTING MINISTER OF FINANCE

MEMBER FOR CHATEAUGUAY-HUNTINGDON

IN THE

HOUSE OF COMMONS

APRIL 10, 1924



OTTAWA  
F. A. ACLAND  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1924

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# BUDGET SPEECH

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ACTING MINISTER OF FINANCE

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HOUSE OF COMMONS, THURSDAY, APRIL 10, 1924

## WAYS AND MEANS—THE BUDGET

Hon. J. A. ROBB (Acting Minister of Finance) moved:

That Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

He said: Mr. Speaker, in presenting the annual financial statement to parliament, I cannot refrain from expressing what I know to be the unanimous feeling of this House, our profound regret that the Minister of Finance (Mr. Fielding) is unable to be present to-day to deliver it himself. Last year that right hon. gentleman delivered his seventeenth budget speech, a record, I believe, unequalled by any other Minister of Finance within the Empire. When upon the assumption of office by the present administration, the right hon. gentleman returned to his former post as Minister of Finance, it was at a critical period in the history of Canada. I am sure that the House will agree with me when I say that since then the Right Hon. W. S. Fielding has discharged his important and onerous duties with that ability, integrity and courage always characteristic of him during his long and distinguished career. Hon. gentlemen of all parties in this House will, I know, join with me in wishing him a speedy recovery from his present illness and an early return to his public duties.

### REVENUE AND EXPENDITURE, 1922-23

The Public Accounts for 1922-23 were submitted to parliament during this present session. The consolidated revenues or ordinary receipts obtained during that year were \$394,614,900, an increase of \$12,662,513.01 over the previous year.

Other receipts, amounting to \$8,479,310.30, which included \$8,199,333.31 received from the Imperial government to cover exchange on repayments in London to the Dominion of Canada from July, 1920, to August 2 1921, brought the gross revenue to \$403,094,210.30.

The expenditure side shows \$332,293,732.09 for ordinary expenses. Capital, demobilization and other charges amounted to \$18,314,814.63, thus making the total disbursements for that year \$350,608,546.72.

The surplus of revenue over total disbursements left \$52,485,663.58 available for railways, Canadian Government Merchant Marine and other obligations amounting to \$84,126,730.59. Of this amount \$77,862,348.23 was required for railways and \$5,979,856.08 for the Canadian Government Merchant Marine. The outcome of the year resulted in an increase of \$31,641,067.01 to the public debt.

#### REVENUE AND EXPENDITURE 1923-24

Coming now to the year 1923-24 which has just closed, I might say that some time will elapse before all the returns for that year will come to hand and allow of definite results being determined. We can, however, make a fairly close estimate which should not differ materially from the actual figures when the books are closed.

By adding to the actual revenue received by the Department of Finance, up to and including 31st March last, the estimated amount of revenue yet to come, the accounts for that year, when finally closed, will show a total revenue of about \$396,000,000, being an increase of \$1,500,000 over the revenue of 1922-23.

The estimated revenue from customs duties will be \$121,800,000, an increase of \$3,700,000 over the previous year. From excise duties we expect \$38,200,000, an increase of about \$2,500,000. The estimated revenue from excise taxes will be \$121,000,000, an increase of about \$14,500,000. From income taxes we estimate \$53,750,000, a decrease of about \$6,000,000 as compared with the previous year. From delayed business profits taxes we will receive some \$4,650,000, a decrease of \$8,381,000. We estimate a revenue from interest on investments of \$11,700,000, being a decrease of about \$4,700,000, which is accounted for by the reduction in 1922 of some \$56,000,000 in the indebtedness of the Imperial government to Canada.

Turning now to expenditures, it is estimated that when all accounts are closed, the expenditure for the year on ordinary account will be \$328,250,000, a decrease as compared with the previous year of \$4,000,000.

Taking the estimated revenue for the year ended March 31, 1924, as \$396,000,000, and the estimated expenditure chargeable to Consolidated Fund as \$328,250,000, there will be a surplus of revenue over the ordinary expenditure of \$67,750,000, available for capital, special and other obligations.

Capital expenditure for public works, including Marine Department, will amount to \$3,865,000, and capital expenditure for Railways and Canals, \$8,305,000, making a total capital expenditure of \$12,170,000, an increase of \$2,362,000 over the previous year.

Special expenditures will amount to \$8,390,000, of which \$740,000 will be required for demobilization accounts, and \$7,650,000 for discount and cost of loan flotations.

#### RAILWAY LOANS

Parliament at its last session authorized \$74,550,000 for loans to the Canadian National Railway Company, to be made by way of cash, or by way of guarantee, or partly one way and partly the other. These alternative provisions for meeting railway obligations as voted by parliament were first authorized during the session of 1921.

In July, 1921, \$25,000,000 was raised by way of guarantee for Canadian Northern railway purposes; and in September, 1921, a further amount of \$25,000,000 was raised by way of guarantee for purposes of the Grand Trunk Railway Company, making in all \$50,000,000 by way of guarantee chargeable against the loan vote for 1921-22. During the fiscal year 1922-23, the government was in a position to meet the railway requirements by way of loans in cash. During the fiscal year just ended, \$24,550,000 was paid to the railways by way of cash. We received \$768,336 as a refund against the amount advanced in 1921-22 for purchase of rails.

The vote for the fiscal year was charged with \$24,550,000, and the balance of \$50,000,000 was raised in February last by way of guarantee and held by the Minister of Finance in a trust account, payments being made from time to time as necessity arose.

I may say that when loans are made by way of cash, under the arrangements made by the former Minister of Finance, they are treated as non-active assets and are, therefore, not taken into account when determining the net public debt. Moneys raised by way of guarantee, which places the government in the position of an endorser, do not presently affect the public debt in any way, as they are indirect obligations.

The action taken by the former Minister of Finance in treating cash loans to the Canadian National Railways as non-active assets is, I think, a very proper procedure, especially when such loans are for the purpose of meeting deficits whenever incurred, and interest charges.

Where moneys are required for construction purposes to better equip the railways for increased earning powers, there is



On March 28 last an adjustment of acknowledged book debts between the Imperial and the Dominion governments was effected. The Imperial government as shown by the books of the Department of Finance, were indebted to us in the amount of \$66,779,597.42. On the other hand the Imperial government held our bonds to an amount of \$67,207,351.17, of which \$2,000,000 were 3½ per cent bonds maturing 1925-28, and \$65,207,351.17 were 4½ per cent bonds maturing 1925-45, the bonds being part of an issue made by Canada to the Imperial government in 1916. Negotiations were undertaken and settlement made by offsetting bonds issued to the Imperial government against their indebtedness to Canada. The unmatured bond issues were taken at the rate of 92.91 for the 3½ per cent issue and 87.48 for the 4½ per cent issue. A settlement was effected on a 5½ per cent basis, being the rate of interest Canada is paying on her outstanding Victory loans from which the moneys were obtained for advances to the Imperial government. The value of the bonds at these rates was \$58,901,590.80, being \$8,305,760.37 under their face value.

#### REFUNDING LOAN, 1923

On November 1, 1923, the 5½ per cent five-year bonds of the 1918 Victory loan issue amounting to \$172,459,650 matured. In September last tenders were asked for an issue of a five per cent refunding loan. The highest bid, from a Canadian syndicate, was accepted, namely, \$53,000,000 five-year bonds at 96.75 and accrued interest and \$147,000,000 twenty-year bonds at 96 and accrued interest. Arrangements were made with the syndicate to give to holders of the maturing bonds the privilege of converting their holdings into bonds of the refunding issue. The price to the public was 99 for the five-year bonds and 98.25 for the twenty-year bonds. The maturity date of the refunding loan is October 15, 1928, for the five-year bonds, and October 15, 1943, for the twenty-year bonds. It was stipulated that the syndicate should associate with themselves the recognized bond dealers in Canada. All commissions to banks and brokers, advertising expenses and all other charges usually included in flotation expenses, were borne by the syndicate. Holders of the matured bonds took advantage of the offer to the extent of \$59,388,200, leaving a balance of \$113,071,450 to be redeemed in cash.

#### FISCAL YEAR 1924-25

I come now to the fiscal year 1924-25. Estimates of revenue for the year upon which we have just entered cannot be made with any degree of accuracy. The revenue we would receive on the present basis of taxation would be materially affected by reductions in taxes which in view of the most satis-

factory outcome of the year just closed, it is proposed to submit to parliament. It is hoped, however, to offset any considerable reduction in the revenue by a most rigid economy in expenditures. The estimates now before the House show a very substantial reduction as compared with the estimates of last year. We shall no doubt have supplementaries, but rigid economy will be exercised in their preparation; and in this the government hopes for and expects co-operation from all sections of Canada.

### CANADA'S FOREIGN TRADE

I desire, Mr. Speaker, to place on record tabulated statements illustrating the development of Canadian trade. For comparison I have taken the year immediately preceding the war, then the years 1922 and 1923, and eleven months ended February, 1924. With the permission of the House I will place these statements on Hansard.

#### CANADIAN TRADE

(Merchandise Only)

##### TRADE WITH THE UNITED KINGDOM

Fiscal Year ended 31st March	Imports for Consumption	Total Exports	Excess of Exports over Imports
	\$	\$	\$
1914.....	132,070,406	222,322,292	90,251,886
1922.....	117,135,343	300,363,193	183,227,850
1923.....	141,330,143	379,918,526	238,588,383
Eleven Months ended Feb., 1924 (unrevised).....	138,224,868	332,276,770	194,051,902

##### TRADE WITH THE BRITISH EMPIRE

Including the United Kingdom

Fiscal Year ended 31st March	Imports for Consumption	Total Exports	Excess of Exports over Imports
	\$	\$	\$
1914.....	154,526,846	246,032,121	91,505,275
1922.....	149,109,253	347,450,451	198,341,198
1923.....	179,638,805	440,993,115	261,354,310
Eleven Months ended Feb., 1924 (unrevised).....	178,619,198	408,714,744	230,095,546



## TRADE WITH UNITED STATES

Fiscal Year ended 31st March	Imports for Consumption	Total Exports	Excess of Exports over Imports
	\$	\$	\$
1914.....	396,302,138	176,948,299	219,353,839
1922.....	515,958,196	304,104,177	211,854,019
1923.....	540,989,738	380,347,721	160,642,017
Eleven Months ended Feb., 1924 (unrevised).....	540,461,296	397,369,390	143,091,906

## TRADE WITH ALL FOREIGN COUNTRIES

Fiscal Year ended 31st March	Imports for Consumption	Total Exports	Excess of Exports over Imports
	\$	\$	\$
1914.....	464,667,152	209,405,103	255,262,049
1922.....	598,695,079	406,476,558	192,218,521
1923.....	622,940,439	504,302,722	118,637,717
Eleven Months ended Feb., 1924 (unrevised).....	627,794,090	556,223,251	71,570,839

## TOTAL TRADE WITH ALL COUNTRIES

Fiscal Year ended 31st March	Imports for Consumption	Total Exports	Excess of Imports over Exports
	\$	\$	\$
1914.....	619,193,998	455,437,224	163,756,774
			Excess of Exports over Imports
1922.....	747,804,332	753,927,009	6,122,677
1923.....	802,579,244	945,295,837	142,716,593
Eleven Months ended Feb., 1924 (unrevised).....	806,413,288	964,937,995	158,524,707

It will be observed that these statements show:

1. Canadian trade with the United Kingdom;
2. Canadian trade with the British Empire, including the United Kingdom;
3. Canadian trade with the United States;
4. Canadian trade with all foreign countries; and
5. A summary of total Canadian trade with all countries.

This brief statement showing the steady growth of Canadian trade with the nations of the world must be gratifying to Canadians.

During the fiscal year ended March 31, 1914—four months before the outbreak of the Great War—Canada had a total foreign trade of \$1,074,631,222, with an excess of imports over exports of \$163,756,774. To that extent the balance of trade was against Canada. The fiscal year ended March, 1922, shows a total foreign trade of \$1,501,731,341. The difference between exports and imports was only \$6,122,677, but the balance was favourable to Canada. In the fiscal year ended March, 1923, we had a total foreign trade of \$1,747,875,081, with a favourable balance of \$142,716,593 over imports. In other words, Canadian foreign trade had increased 60 per cent over that of 1914, an unfavourable trade balance of \$163,756,774 had been converted into a favourable balance of \$142,716,593.

Returns for the eleven months ended February, 1924, indicate continued healthy growth of Canadian foreign trade. Already both imports and exports exceed those of 1923, and the balance of trade favourable to Canada on eleven months' business is \$158,524,707. Statistics indicate that each succeeding year Canadians are increasing the percentage of products marketed in the finished or semi-finished condition, thus providing more labour for our own people and higher class freight for Canadian railways.

#### TARIFF AND TAXATION CHANGES

We now come to the resolutions which I am about to submit to the House proposing Customs tariff changes, and reductions under the Special War Revenue Act. These resolutions will show a substantial reduction in taxation. For purposes of brevity and clearness I shall place the proposed changes in groups according to the classes affected.

## FARMING INDUSTRY—CUSTOMS AND SALES TAX REDUCTIONS

Items	Preferential Tariff		General Tariff	
	Old rate	Proposed rate	Old rate	Proposed rate
Mowing machines, harvesters, binders, reapers.....	7½	free	10	6
Cultivators, harrows, horse-rakes, seed drills, manure spreaders, and weeders.....	10	free	12½	7½
Ploughs, threshing machines and complete parts thereof.....	10	5	15	10
Farm or field rollers, post hole diggers, hay loaders, stumping machines, grain crushers; potato-diggers, hay tedders and other agricultural implements.....	10	5	15	10
Farm wagons.....	10	5	17½	10
Fertilizers.....	5	free	10	free
Axes, scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, rakes and pronged forks.....	15	10	22½	20
Shovels and spades.....	20	10	32½	20

It is proposed to remove the sales tax from all the foregoing items grouped under the heading of Farming Industry and also from binder twine. Fertilizers are already exempt.

## MATERIALS FOR AGRICULTURAL IMPLEMENTS

It is proposed to give to manufacturers of agricultural implements "free entry" on pig iron, bar iron and bar steel when used in the manufacture of mowers, binders and reapers, in lieu of a drawback of 99 per cent. The "free entry" is also extended to these raw materials when used in the manufacture of cultivators, harrows, horse-rakes, seed-drills, manure spreaders and weeders. Materials which enter into the cost of the aforementioned items and other implements on which the duty is to be reduced will be entitled to entry at 7½ per cent under all tariffs.

It is proposed to grant a drawback of 99 per cent on materials and parts of implements on hand imported prior to this date which will have entered into the cost of all agricultural implements on which the duty is to be reduced. It is also proposed to exempt from the sales tax all the articles and materials to be used in the manufacture of these agricultural implements, as well as goods consumed in the process of manufacture.

## FRUIT GROWING INDUSTRY

Items	Preferential Tariff		General Tariff	
	Old rate	Proposed rate	Old rate	Proposed rate
Spraying machines, fruit or vegetable grading machines, pruning hooks, pruning shears.....	10	5	15	10

It is proposed to remove the sales tax from the foregoing items and also from nicotine sulphate and spraying preparations.

## POULTRY INDUSTRY

Items	Preferential Tariff		General Tariff	
	Old rate	Proposed rate	Old rate	Proposed rate
Incubators for hatching eggs, brooders for rearing young fowl.....	10	5	15	10

We propose removing the sales tax from these items as well as from poultry feed.

## DAIRYING INDUSTRY

Items	Preferential Tariff		General Tariff	
	Old rate	Proposed rate	Old rate	Proposed rate
Milking machines, centrifugal machines for testing butter fat, milk or cream.	10	5	15	10

The sales tax is to be removed from the foregoing items and also from cream separators and parts thereof, and extract of rennet.

## MINING AND QUARRYING INDUSTRY

Items	Preferential Tariff		General Tariff	
	Old rate	Proposed rate	Old rate	Proposed rate
Rock drills, percussion coal cutters, coal augers, stamp mills, ore and rock crushers, and rotary and coal drills.	15	10	27½	20
Coal-washing machinery, coke-making machinery, and machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas.....	20	7½	30	12½
	15	7½ and from	27½	12½

It is proposed to remove the sales tax from the foregoing items grouped under the heading of mining and quarrying. In addition the sales tax is to be removed from mining cars and other similar appliances used for mining or quarrying, and from explosives.

## LUMBERING INDUSTRY

Items	Preferential Tariff		General Tariff	
	Old rate	Proposed rate	Old rate	Proposed rate
Saw-mill machinery.....	15	10	25	20
Logging machinery which includes logging cars, blocks and tackle, yarders and practically all machinery used exclusively for logging operations. ...	15 and 20	10	30 and 27½	20
Logging wagons.....	17½	5	25	10

The sales tax is also to be removed from the foregoing items pertaining to the lumbering industry.

## FISHING INDUSTRY

All marline for the fisheries is to be made free of customs duty; heretofore only barked marline has been free.

We propose that the sales tax on rubber boots shall be reduced from 6 per cent to 2½ per cent. Rubber boots, as hon. gentlemen know, are used extensively in the fishing industry.

Barked marline for the fisheries is already exempt from sales tax, and, as a result of the change we are proposing, all marline for the fisheries will become exempt from the sales tax.

## BREADSTUFFS AND PROVISIONS

It is proposed to remove the sales tax from the following articles:—

Cereal foods, macaroni and vermicelli, sago and rice.  
Meats, salted or smoked.

The sales tax is being reduced from 6 per cent to  $2\frac{1}{2}$  per cent on biscuits, canned vegetables, canned fruits, jams and preserves.

## BOOTS AND SHOES, INCLUDING RUBBER FOOTWEAR

We propose to reduce the sales tax from 6 per cent to  $2\frac{1}{2}$  per cent.

The sales tax will be removed from milk foods.

## MATERIALS CONSUMED IN PROCESS

Woollen, and many other manufacturing establishments will benefit by a proposed clause which will provide that materials, consumed in process of manufacture or production, which enter directly into the cost of goods subject to the consumption or sales tax, will be exempt from the sales tax.

## WELL-DRILLING MACHINERY AND APPARATUS

The sales tax is to be removed.

Crutches are being made free of both customs and sales tax.

Traction ditching machines: The value for "free entry" purposes is being increased from \$3,000 to \$3,500. Under existing conditions traction ditching machines are admitted free up to a valuation of \$3,000 each. When that valuation was fixed, that apparently was the value of the machine, but since then it has increased, and the government propose to increase the value for free entry from \$3,000 to \$3,500.

## CONSUMPTION OR SALES TAX

In addition to the reductions already mentioned, the sales tax is to be reduced from 6 per cent to 5 per cent. In the case of every item that comes under that tax, the maximum charge will be 5 per cent.

For the better protection of the revenue the sections referring to manufacturers doing business under \$10,000 per year will be repealed. The removal of the \$10,000 limit in connection with small manufacturing concerns will do away with difficulties in administering the Act.

The list of exemptions from the sales tax is to be enlarged.

The following are some of the principal articles affected:—

Well-drilling machinery and apparatus;  
 Books for the blind;  
 Scientific and text books;  
 Printed text books authorized by the Department of Education of any province in Canada;  
 Milk foods and prepared cereal foods;  
 Nicotine sulphate;  
 Disinfecting, dipping, and spraying preparations;  
 Church bells;  
 Chain;  
 Agricultural implements (of which details are given elsewhere);  
 Saw-mill and logging machinery (details given elsewhere);  
 Surgical instruments and appliances for hospitals;  
 Carbolic oil for creosoting lumber;  
 Insulin;  
 Cream separators;  
 Philosophical apparatus for use in schools and colleges;  
 Binder twine.

In connection with the discount on importations under the British preferential tariff into Canadian ports enacted at the last session of parliament, it is proposed that in computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom, the value for duty shall not include the amount of the customs duty payable on tea for consumption in the United Kingdom. When the British duty was added it brought the value up so high that the computed rate did not exceed fifteen per cent and therefore was not entitled to the discount.

As a result of these proposed changes it is estimated that there will be a reduction in customs and sales tax revenue of \$24,000,000.

Whatever division of opinion Canadians may have, surely we share a united confidence in the future of our country. We have great natural resources. We have certain basic industries, upon the success of which depend the growth of all other industries, and the greater development of our trade. Of these basic industries, I would place agriculture, in all its varied branches, first. Next to agriculture, I would place our forests, our minerals and our fisheries. A real national policy is a policy that will encourage the growth and development of these basic industries. The more of the products of the farm, the fisheries, the mines and the forest we have going to market, the greater will be the earnings of our transportation companies—the greater the purchasing power of the nation and as a consequence we shall have factories running full time and tradesmen working overtime to supply the needs of those who will have money to buy. In that belief, Sir, we submit to-day proposals to lighten the burden of taxation on these primary, basic industries. Our budget shows a reduction in debt of \$30,000,000 last year, and

a reduction in taxation of \$24,000,000 this year. It is confidently expected that this reduction will give such impetus to trade that it will result in greater development and prosperity to all the provinces of Canada.

#### RESOLUTIONS

I beg to give notice that upon the House resolving itself into committee I shall move the following resolutions:—

#### CUSTOMS TARIFF

1. Resolved, That the Customs Tariff, 1907, be amended by adding after paragraph (d) of section four the following as paragraphs (e) and (f) of section four:

(e) Extend the benefit of the British Preferential Tariff to any territory administered under a mandate of the League of Nations by any British country, to which British country the benefit of the British Preferential Tariff has been extended; and from and after the publication of such Order in Council in *The Canada Gazette* the British Preferential Tariff shall apply to goods the produce or manufacture of such territory, subject to the provisions of this Act.

(f) Withdraw the benefit of the British Preferential Tariff from any territory administered under a mandate of the League of Nations which has received said benefit; and from and after the publication of such order in *The Canada Gazette*, the General Tariff or the Intermediate Tariff, as mentioned in the said order, shall apply to goods the produce or manufacture of such territory subject to the provisions of this Act.

2. Resolved, That it is expedient to amend The Customs Tariff, 1907, by adding at the end of section five thereof as enacted by Chapter forty-two of the statutes of 1923 the following proviso:

Provided that in computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom, the value for duty shall not include the amount of the customs duty payable on tea for consumption in the United Kingdom.

3. Resolved, That Schedule A to The Customs Tariff, 1907, as amended by Chapter twenty-six of the Statutes of 1914, Chapter nineteen of the Statutes of 1922 and Chapter forty-two of the Statutes of 1923, be further amended by striking thereout tariff items:—275, 445, 445a, 446, 446a, 446b, 447a, 447b, 448, 448a, 448c, 449, 450, 453b, 591, 663, 682, the several enumerations of goods respectively, and the several rates of duties of Customs, if any, set opposite each of said items, and to provide that the following items, enumerations and rates of duty be inserted in Schedule A:—



Tariff Items		British Preferential Tariff	Inter-mediate Tariff	General Tariff
12a	Sausage skins or casings, cleaned.....	Free	15 p.c.	17½ p.c.
68a	Peanut shells or peanut hull meal for use in the manufacture of explosives.....	Free	Free	Free
157b	Rum, when imported by the Department of Customs and Excise or by a person licensed by the Minister of Customs and Excise, to be denatured for use in the arts and industries, to be entered at ports prescribed by regulation of the Minister of Customs and Excise, subject to the Inland Revenue Act and to the Regulations of the Department of Customs and Excise, per proof gallon.....	Free	60 cts.	60 cts.
180b	Artists' proof etchings, unbound, such as are printed by hand from plates or blocks etched or engraved with hand tools and not such as are printed from plates or blocks etched or engraved by photo-chemical or other mechanical processes.	Free	Free	Free
275	Oil when imported by miners or mining companies or concerns, to be used in the concentration of ores of metal in their own concentrating establishments, under regulations prescribed by the Minister of Customs and Excise.....	Free	Free	Free
348e	Brass or copper tubing, not more than one-half of an inch in diameter, in lengths not less than six feet, coated with metal, and not polished, bent, or otherwise manufactured.....	5 p.c.	10 p.c.	10 p.c.
445	Mowing machines, harvesters, self-binding or without binders, binding attachments, reapers and complete parts thereof.....	Free	6 p.c.	6 p.c.
445a	Articles which enter into the cost of the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, when imported by manufacturers of such goods for use in the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, provided that goods which are entitled to free entry or a lower rate of duty than is mentioned in this item shall not be entered at the rate specified in this item.	7½ p.c.	7½ p.c.	7½ p.c.
445b	Rolled iron or steel in bars, coils or rods and pig iron, when imported by manufacturers for use exclusively in their own factories in the manufacture of goods enumerated in tariff items 445 and 446..	Free	Free	Free
446	Cultivators, harrows, horse-rakes, seed-drills, manure spreaders and weeders and complete parts thereof.....	Free	7½ p.c.	7½ p.c.
446a	Traction ditching machines (not being ploughs) adapted for tile drainage on farms, valued by retail at not more than three thousand five hundred dollars each, and complete parts thereof for repairs..	Free	Free	Free
446b	Ploughs and complete parts thereof.....	5 p.c.	10 p.c.	10 p.c.
447a	Gas or gasoline traction engines for farm purposes, valued at not more than fourteen hundred dollars each, and complete parts thereof; traction attachments designed and imported to be combined with automobiles in Canada for use as traction engines for farm purposes and parts thereof for repairs.....	Free	Free	Free
447b	Wind-stackers, and threshing machine separators, including baggers, weighers and self-feeders therefor, and complete parts thereof.....	5 p.c.	10 p.c.	10 p.c.
448	Spraying machines, fruit or vegetable grading machines, incubators for hatching eggs, brooders for rearing young fowl, pruning hooks, pruning shears, hay loaders, potato-diggers, fodder or feed cutters,			

Tariff Items	British Preferential Tariff	Intermediate Tariff	General Tariff	
440	grain crushers, fanning mills, hay tedders, farm or field rollers, post hole diggers, snaths, milking machines, milking machine attachments; centrifugal machines for testing butter fat, milk or cream; stamping machines, and other agricultural implements, n.o.p., and complete parts of articles specified in this tariff item.....	5 p.c.	10 p.c.	10 p.c.
450	Axes, scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, rakes, n.o.p., and pronged forks.....	10 p.c.	15 p.c.	20 p.c.
450a	Shovels and spades of iron or steel, n.o.p.; shovel and spade blanks, and iron or steel cut to shape for the same.....	10 p.c.	15 p.c.	20 p.c.
453b	Lawn mowers.....	20 p.c.	30 p.c.	32½ p.c.
453c	Machinery for sawing lumber, up to but not including the point of planing, and complete parts thereof, not to include motive power; machinery, logging cars, blocks and tackle, and complete parts thereof, for logging purposes exclusively.....	10 p.c.	15 p.c.	20 p.c.
460b	Ore crushers, rock crushers, stamp mills, rock drills, percussion coal cutters, coal augers, rotary coal drills, and complete parts of all articles mentioned in this item, when for use exclusively in mining operations.....	10 p.c.	15 p.c.	20 p.c.
476a	Machinery and apparatus for use exclusively in washing coal; machinery and apparatus for use exclusively in producing coke and gas; machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas; and integral parts of all machinery or apparatus enumerated in this item not to include motive power nor tanks for gas....	7½ p.c.	10 p.c.	12½ p.c.
502b	Steel of number twenty gauge and thinner, but not thinner than number thirty gauge, for the manufacture of phonograph motor springs when imported by manufacturers of phonograph motor springs for use exclusively in the manufacture of such articles in their own factories.....	Free	Free	Free
506a	Bicycle rim strips of maple not further manufactured than bent to shape and jointed	10 p.c.	12½ p.c.	15 p.c.
533b	Crutches or specially constructed staves for a cripple.....	Free	Free	Free
591	Linters of short fibres of cotton, bleached, when imported by manufacturers of blotting paper to be used in their own factories for the manufacture of blotting paper.....	7½ p.c.	10 p.c.	12½ p.c.
663	Farm wagons, logging wagons, and complete parts thereof.....	5 p.c.	10 p.c.	10 p.c.
663b	Fertilizers, compounded or manufactured, n.o.p.....	Free	Free	Free
682	Articles which enter into the cost of the manufacture of fertilizers, when imported for use exclusively in the manufacture of fertilizers.....	Free	Free	Free
	Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2·0; bank, cod, pollock and mackerel fish lines; and mackerel, herring, salmon, seal, seine, mullet, net and trawl twine in hanks or coil, barked or not—in variety of sizes and threads—including gilling thread in balls, and head ropes for fishing nets; marline, and net morsels of cotton, hemp, or flax; and fishing nets or seines, and manila rope, not exceeding one and one-half inches in circumference, when used exclusively for the fisheries, not to include hooks, lines, nets or ropes commonly used for sportsmen's purposes.....	Free	Free	Free

4. Resolved, That Schedule B to The Customs Tariff, 1907, as amended by chapter nineteen of the Statutes of 1922 and chapter forty-two of the Statutes of 1923, be further amended by striking thereout items 1002, 1026, 1027, 1031, 1036, the enumeration of goods, and the rate of drawback to the said items, and to provide that the following items, enumerations and rates of drawback of Customs duties be inserted in said Schedule B:

Tariff Items	Goods	When Subject to Drawback	Portion of Duty (Not including Special Duty or Dumping Duty) Payable as Drawback
1026	Materials, including all parts, imported prior to eleventh day of April, 1924.	When entering into the cost of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591, before the first day of July, 1927.....	99 p.c.
1027	Materials.....	When used by manufacturers of malleable iron castings or steel shafting for use exclusively in the manufacture of such articles for use in the manufacture of goods enumerated in tariff items 445, 446, 446b, 447b, 448 and 591.	80 p.c.
1031	Artificial silk tops and waste or artificial fibre silk, artificial silk yarns or filaments, enumerated in tariff items 583a and 583aa.	When further manufactured before the first day of January, 1925.....	60 p.c.
1036	Bar iron or steel, rolled, whether in coils or bars, one and one-eighth of an inch in diameter and over.	When used in the manufacture of goods enumerated in tariff item 410.....	99 p.c.
1038	Materials, including all parts.	When used in the manufacture of goods enumerated in tariff item 544a.....	99 p.c.
1039	Materials, including all parts not finished.	When used in the manufacture of goods enumerated in tariff items 447 and 448b.....	30 p.c.
1040	Bags, boxes and barrels....	When imported by producers of salt, for use in covering salt produced in Canada....	60 p.c.
1041	Materials.....	When used in the manufacture of bags, boxes and barrels, when such bags, boxes and barrels are used in covering salt produced in Canada....	60 p.c.

5. Resolved, That any enactment founded on the foregoing resolutions shall be deemed to have come into force on the eleventh day of April, one thousand nine hundred and twenty-four, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

#### SPECIAL WAR REVENUE ACT

1. Resolved, that it is expedient to introduce a measure to amend The Special War Revenue Act, 1915, and amending acts, by providing that the rate of the consumption, or sales tax imposed by section nineteen BBB of the said act shall be reduced from six per cent to five per cent.

2. Resolved, That it is expedient to introduce a measure to amend The Special War Revenue Act, 1915, and amending acts, by providing that the following goods shall be exempt from the consumption or sales tax imposed by section nineteen BBB of the said act, that is to say:—books enumerated in Customs Tariff items 173 and 175; printed text-books authorized by the Department of Education of any province in Canada; goods enumerated in Customs Tariff items 45, 46, 209b, 219a, 352a, 410, 410a, 445, 445a, 445b, 446, 446b, 447b, 448, 449, 450, 453b, 453c, 460, 460a, 460b, 461, 461a, 466, 466a, 469 including goods enumerated in this item of a class or kind made in Canada, 506a, 544, 591, 591a, 663b, 666, 667, 696; insulin; extract of rennet; poultry feed; ice cream; sago; rice, cleaned; macaroni and vermicelli; meats, salted or smoked; carbolic or heavy oil, to be used only in creosoting timber; cream separators and parts thereof; cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of goods enumerated in Customs Tariff items 219a, 410, 410a, 445, 445a, 445b, 446, 446b, 447b, 448, 449, 450, 453b, 453c, 460, 460a, 460b, 461, 461a, 466, 466a, 469 including goods enumerated in this item of a class or kind made in Canada, 506a, 591, 591a, 663, 666, 667, 696; articles and materials to be used exclusively in the manufacture of cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cream separators and parts thereof; materials, not to include plant equipment, consumed in process of manufacture or production, which enter directly into the cost of goods subject to the consumption or sales tax, manufactured or produced by a licensed manufacturer or producer; materials, not to include plant equipment, consumed in process of manufacture or production, which enter directly into the cost of goods enumerated in Customs Tariff items 410, 410a, 445, 445a, 445b, 446, 446b, 447b, 448, 449, 450, 453b, 453c, 460, 460a, 460b, 461, 461a, 466, 466a, 469 including goods enumerated in this item of a class or kind made in Canada, 506a, 544, 591, 591a, 663, 663b, 666, 667, 696; and by providing that on the following goods there shall be imposed, levied and collected only fifty per cent of the said consumption or sales tax, that is to say:—boots and shoes, including rubber footwear; biscuits of all kinds; goods enumerated in Customs Tariff items 86, 105, and 106.

3. Resolved, That it is expedient to amend The Special War Revenue Act, 1915, and amending Acts, as follows, that is to say:—

- (a) By repealing subsection three of section nineteen BBB of the said Act and substituting therefor a new subsection three providing that if at any time it appears to the Minister of Customs and Excise that payment of the consumption or sales tax is being evaded by a licensed manufacturer or producer or licensed wholesaler or jobber the Minister may require that the consumption or sales tax shall be imposed, levied and collected on any material specified by the Minister, sold to any licensed manufacturer or producer or licensed wholesaler or jobber or to any class of licensed manufacturers or producers or licensed wholesalers or jobbers specified by the Minister, at the time of sale of such material when produced or manufactured in Canada, or at the time of entry for consumption by such licensed manufacturer or producer or licensed wholesaler or jobber when such material is imported, subject to deduction thereafter on submission by the licensed manufacturer or producer or licensed wholesaler or jobber of proof that such material has been used in the manufacture of an article which is subject to the consumption or sales tax and on which the said tax has been paid.

- (b) By repealing subsection five of said section nineteen BBB.
- (c) By striking out subsection six of said section nineteen BBB and substituting therefor the following:—

“(6) Subject to the provisions of subsection three of this section, every manufacturer or producer shall take out an annual license for the purpose aforesaid, and the Minister may prescribe a fee therefor, not exceeding two dollars, and the penalty for neglect shall be a sum not exceeding one thousand dollars. Provided that the Minister may direct that any class of small manufacturer or producer selling his product exclusively by retail shall be exempt from payment of consumption or sales tax on goods manufactured or produced by him and persons so exempted shall not be given a license. Such exemption may be withdrawn by the Minister.”

4. Resolved, That any enactment founded on the foregoing resolutions numbers one and two shall be deemed to have come into force on the eleventh day of April, one thousand nine hundred and twenty-four, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day; and that any enactment founded on the foregoing resolution number three shall come into force on the first day of July, one thousand nine hundred and twenty-four.

#### INCOME WAR TAX ACT

Further proposed resolution of which notice was given by the Acting Minister of Finance on April 14th:—

Resolved that it is expedient to amend the provisions of The Income War Tax Act, 1917, and amending Acts to provide:—

1. For increasing the normal tax exemption for each dependent child under the age of eighteen years from \$300 to \$500 in respect to income for the period 1923 and subsequent periods.

2. For making taxable, profits or income of non-resident persons selling goods in Canada through employees or agents, or receiving rentals or royalties from sources within Canada.

3. Authority to determine profits realized by:—

(a) Corporations in Canada purchasing from associated corporations in excess of fair prices.

(b) Canadian corporations selling to parent or subsidiary companies at less than fair prices.

(c) Non-resident persons producing goods in Canada and exporting them without sale prior to export.

4. (a) That income derived from a business conducted by a husband and wife will be taxed as income of one of them only.

(b) For authority to disallow as an expense income credited or paid to husband as an employee of his wife or vice versa.

5. (a) For the disallowance of the annual value of property used in the business except rental actually paid therefor.

(b) That net profits be taxed without reduction by allowances therefrom for sinking funds or other similar reserves.

6. For certain modifications of the present law, pertaining to the income tax lien and to render certain that the lien shall not take priority over securities validly taken prior to the time at which the lien attaches.

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