

Small Business

the aid of programs of the Department of Industry, Trade and Commerce and of the National Research Council, there was a major breakthrough in high-intensity lighting. When the federal government, through the Transport Development Agency, was giving a contract for expansion of the use of high-intensity lighting, however, it was given to a Montreal firm that is a spin-off of a United States firm whose technology is completely obsolete in light of the technology developed in Vancouver. I do not know why the Transport Development Agency would not give full and due consideration to research and expertise that exist in other parts of Canada. Why can the Vancouver firm not have the lighting contract and give the time tests needed on the Centennial Pier project or some other project? When the patents are owned by Canadian Patents and Development Limited why can the Vancouver firm not get the same consideration as eastern firms? There seems to be a stigma because it is located in Vancouver.

Another firm in Vancouver just lost a bid on hollow tubing for the extension of the penitentiary at Agassiz. That firm, a subcontractor, produced the lowest bid in Canada, yet the major contractor who won the bid refuses to use their product. This does not sit well with the Vancouver firm. The product that will be used will be made in Montreal, shipped across Canada, put into an institution being built at Agassiz, and the west coast producer of the same product can apparently go to hell.

Another contract was available for curtain track for a hospital. We have a Canadian product—100 per cent designed, 100 per cent owned, and 100 per cent produced in Canada. The tooling is done in Canada as well. But a west coast firm lost out to an eastern firm, which used an American design, and was a subsidiary of an American company.

The Department of Consumer and Corporate Affairs is stirring up an extremely biased reaction amongst retailers in Vancouver. Retailers in the prairies and Ontario are not being subjected to the same type of examination and scrutiny. This regional interference is causing rising tempers in the west, and I plead with the government to change its attitude. The provinces of British Columbia and Alberta need their fair share, and the small business sector of those provinces needs its fair share of the federal government's expenditures.

If the Minister of State (Small Business) wants to help small business he could consider helping a chocolate factory in Vancouver that has the knowledge and the people to make a go of the business. If the finished product were imported from England it would be subject to a 10 per cent tax. There would be no other tax or expense except the distribution costs and freight, and there would be a refund of the liqueur tax to the manufacturer. In other words, the offshore manufacturer would get a refund of tax paid on the liqueur. The offshore manufacturer can buy the liqueur at low rates. There is a 15 per cent import duty on milk chocolate imported in bulk to Canada. This factory employs 18 people and prints all the boxes and packaging supplies in Canada. They buy all their packaging material and formula material from Canadian suppliers. They must buy the liqueurs in the liquor stores at retail

[Mr. Huntington.]

prices, however, and they must also pay the 7 per cent provincial sales tax. This is ridiculous, Mr. Speaker. How can you build an industry with any hope of exporting, say, to the United States, when there are these crazy and obsolete customs and excise laws? It is time we all worked toward creating something worth while in the small business sector.

There is another industry that bothers me, Mr. Speaker. In the cement business if you are a small operator and you put cement sand and gravel in a bag and keep it dry, you have to charge 5 per cent federal tax on the product. But if you are a big company, buying your sand, cement with \$2.20/ton tax, and gravel on a tax-exempt basis, and if you mix them with water and sell the resultant product as ready-mix concrete, then it is exempt from federal sales tax. What is important enough about adding water to dry ingredients that gives one company an advantage over the other? In a small company the auditors can go in and do an audit in three or four hours so they get a bill for the sales tax. But a big company is so cumbersome that it is too much trouble for the government auditors, so that large company can sell the same dry mix and not pay the sales tax. In British Columbia we have the example of a manufacturing company that has been in existence for about 15 years. Its very survival is threatened by this type of taxation law. I plead with the government to do something about this. There are all kinds of employment opportunities in this country, but our laws suppress incentive and make it almost impossible for small firms to stay solvent.

I do not have time to go into matters in the textile industry, Mr. Speaker, but if ever a group of small businessmen got a shafting it was this group when the guillotine was brought down. That has turned out to be a very sad state of affairs. Instead of maintaining the level of low-cost garment imports for low-income workers, the guillotine was brought down. It disrupted the whole market and the trading pattern. I agree that a quota was necessary, but I think we moved too fast on that one. The retailer and small importer bringing specialty material into the country fell under the guillotine. Their livelihoods are in danger.

Why can we not give consideration to the small business component of the Canadian community, Mr. Speaker? Why do we not use the research and development facilities that are available and share them between the large industrial component and the small industrial component? We also need to pay attention to regional balance when issuing invitations to tender for government supplies. I plead with the government to give consideration in this matter to the small business and industrial component on the west coast.

Mr. Norman A. Cafik (Ontario): Mr. Speaker, in his motion the hon. member for High Park-Humber Valley (Mr. Jelinek) indicated a number of steps that the government ought to take to assist small business. I suppose it is understandable that he would avoid mentioning some of the very positive things already being done. I think it is also understandable that in the motion he would imply that things are not being done that are in fact being done.