

The CHAIRMAN: I might mention, gentlemen, that you will have an opportunity of questioning the minister on any further points which may arise out of these replies. In the meantime, I think we will proceed.

Mr. BROOME: I may not have made it clear as to what I wanted, and it may not be possible for me to get what I want; but in respect of tariff items 180e and 180f, what I think I asked for was a general statement from the department of their interpretations of these two tariff items. My breakdown shows a division between light industrial and heavy industrial which has been brought about by departmental rulings, and I wanted a certain clarification.

Mr. SIM: I am indebted to the member for bringing this up. It is a very thorny and difficult subject, as he was good enough to suggest at the last meeting. There have been examinations of the procedure in some respects before the tariff board and that hearing, the member will remember, was slightly inconclusive.

The tariff board came to the conclusion finally that they could not suggest a better way of valuing plans than the department had evolved, although they were not sure it was the best system in the world. I took it that the interest of the member did not have to do with plans of buildings ordinarily, but rather with plans for industry, and the apparent division between heavy and light industry. I rather think, before we are through, this item should be reconsidered. That is what the hon. member had in mind. I gained the impression from your remarks that you felt the department was doing as much as anyone could under the wording but, if anyone has to distinguish between what is heavy and light industry, he has a real problem on his hands.

We have a system in effect, not for rating as to the rate of duty, but as to the value. It is in the value aspect we find the distinction we endeavour to make between what might be called heavy industry and that called light industry.

Since the other day I have been inquiring into the antecedence of the system we have, and I find it difficult to find out just when we first started appraising heavy industry plans at 1 per cent of the value and light industry plans at 3 per cent. There probably is no better way to arrive at the value of a plan than some percentage of the work to be done.

Mr. BROOME: Cost of construction.

Mr. SIM: Yes. This is a common way to arrive at the engineer's or architect's fee and I suppose it is as good a system of arriving at the value as could be put together. All I can surmise is, when one gets into heavy industry he will very often be getting into a great deal of expense which has not much to do, specifically, with the field of engineering. There will be added expenses there; and the application of the 3 per cent, which might be adequate for lighter industry, might represent too heavy a burden in the way of capital cost to a new heavy industry starting up.

This is only surmise on my part, but I am sure it is what had conditioned the department's approach. I would prefer as an administrative officer if a system could be evolved whereby we would not have to make this distinction.

It was not clear to me from the remarks of the hon. gentleman whether he had in mind it should be 3 per cent of the value or perhaps 1 per cent. It might be desirable if we could evolve a scale of some kind of value which would relate to the cost of the work to be done. That is why I said I was indebted to him for bringing it up, because it might help us evolve something of that character.

The tariff board wrestled with the problem and, having heard from a lot of experts, decided there was not much they could recommend to us in that