

Mr. HELLYER: Obviously, the general exemption was intended to keep the cost of new houses down for the purchasers: A great part of the saving in an industry, which is generally not too efficient, is off-site fabrication, and yet this method of taxation protects them.

Mr. SIM: In a general way; but the attempt was made to remove the burden of higher costs in house construction. It was not possible to make a general exemption. If you said: let us exempt everything that goes into a house, you might be running far afield, and the effect on the revenue might be disastrous. It would be a difficult thing to administer, and so the alternative was to name specific building materials. I think it will be found that the principal building materials are all in themselves exempt from taxes. When you get into this particular field it will be obvious, particularly in those ridings where there is furniture making, that you are getting close to unfair competition with manufacturers who find themselves taxed on somewhat similar articles.

Mr. HELLYER: Surely kitchen cupboards are not comparable to furniture.

Mr. SIM: It is very difficult these days to make a distinction.

Mr. HELLYER: Would the deputy minister look into that aspect and see if perhaps it could be reviewed.

Mr. SIM: Well, I really believe to meet your wishes it would require a change in the list of exemptions. However, in a general way, governments have felt they have gone as far as they can go in providing exemptions in this regard. There has been no doubt about the government's cooperation in this regard; this has been the case for a number of years.

Mr. BELL (*Carleton*): Was not the kitchen cabinet situation taken to the tariff board?

Mr. SIM: Yes.

Mr. BELL (*Carleton*): And has there been a decision on that?

Mr. SIM: I received confirmation that what happened before the tariff board is what I have indicated, that if the cupboard was built apart from the job and taken there, it was taxable. That was the issue that was before the board.

Mr. MORRIS: I would like to raise another specific question at this point. I went out of the room when you were discussing page 350 and returned to find you discussing page 351. My inquiry has to do with Norwegian lures, as used by the commercial fisheries on the Atlantic coast. It has to do with this type of thing here. The fishing industry enjoys exemption on the tools of its trade, including nets, twine and the like, from the United Kingdom and from European countries. These Norwegian lures, and similar imports, are charged 20 per cent, despite the generality of exemption from the United Kingdom and European delivery points. Representations have been made in this regard. They have the advantage that they do not require bait.

The CHAIRMAN: Would you like to table it as an exhibit?

Mr. MORRIS: I am happy to file this. Representation has been made about this on many occasions. It has the advantage which I mentioned, that it does not require the use of bait, which is hard to come by sometimes in outport areas. We would like to know whether this matter is still considered to be a statutory matter.

Mr. SIM: If I understand your question correctly, you are seeking free entry of these lures.

Mr. MORRIS: Yes.