

Government Orders

which encourage significant Canadian shopping through foreign mail order houses. As well, the system today encourages Canadian mail order houses to establish direct marketing operations outside Canada to sell back to Canadians. The net effect of the current policy on postal imports is a significant loss of revenue to the government and is a subsidy to those who use the mail to import goods.

We have mentioned the government's commitment to ensure that Canadian business has the effect of competing on a level playing field. Perhaps the most serious ramification of today's policy is that it puts Canadian business at a disadvantage in a highly competitive industry.

The proposed changes hon. members have in front of them are a direct response to Canadian business demands that this government make the necessary changes to existing legislation to balance the scales. Representations were received from the Retail Council, the Canadian Direct Marketing Association, independent retailers and other small business people. Changes were also requested by members of this house.

The necessity of these changes is well borne out in fact. Over the last two years customs has experienced a 46 per cent increase in the volume of dutiable and taxable parcels. Estimates put 1990 Canadian purchases from foreign mail order houses in excess of \$900 million, almost a staggering \$1 billion. All indicators point to a worsening of the situation as foreign mail order houses direct aggressive marketing and sales campaigns to Canadians.

This has become an important issue affecting an important sector of the Canadian economy, the Canadian direct marketing industry. When trying to make the argument for a case, in this instance the bill before this House, sometimes it is good to have all the facts in front of oneself. The industry over all has an annual sales volume of \$7.8 billion. The catalogue direct marketing business represents \$2.2 billion of these sales or approximately 28 per cent. Catalogue direct marketing represents approximately 600 firms and employs an estimated 35,620 people.

The proposed amendments before this House are critical to the health of this industry and it is our responsibility to put an end to the competitive disadvan-

tage under which Canadian firms presently find themselves.

During second reading of this bill hon. members may recall some of the statistics that have provided further impetus to the necessity for revised legislation.

The facts continue to be alarming. Estimates are: \$260 million in lost sales in 1990; 4,170 jobs lost since 1986; a once healthy growth of 7 per cent annually has declined and stagnated since 1986 at 3.2 per cent per annum. The comparable U.S. growth rate in this industry was 8.3 per cent in 1985 and a very significant 12.4 per cent through 1990. The facts are there and they speak for themselves.

Why the difference in growth rates? This has been previously explained but bears repeating. Simply put, an Ontario-based firm selling a Canadian-made article for a \$40 catalogue price would deliver it to a customer in Canada for \$50.26 including GST, provincial sales taxes, shipping and handling. However, the same company could ship the Canadian-made good to the U.S. and deliver it to the same customer in Ontario for \$45.36 with the same dollar value of profit margin and allowing for differences in postal rates. It does not make sense and it is easy to see how the duty and tax exemptions for parcels valued at \$40 or less create a serious competitive inequity for Canadian retailers competing for Canadian mail order business.

The bill in front of us today is designed to provide the Canadian businessmen with a relief from the present day onerous legislation.

You will agree, Mr. Speaker, and I am sure most members of this House will agree that there exists very solid valid reasons for the proposed legislation that would lead to the implementation on July 1, 1992, of the following changes which I would like to highlight: duty and tax-free entry of postal or courier imports valued at \$20 or less; collection on behalf of Customs and Excise by Canada Post of a \$5 handling fee to cover the costs of services such as collection of duty, provincial sales tax where provinces are harmonized and GST on importations over the \$20 threshold; Canada Post will bear the cost of clearing priority courier items through customs as is done by private couriers; voluntary registration of foreign mail order firms for the collection of GST and duties; and, options for non-resident mail order houses to collect and remit applicable duties and taxes on all