

Supply—National Revenue

As I point out there have always been bonded customs warehouses in this country where importers could bring goods in and store them and take them out at their convenience and pay a duty on them and use them themselves or re-export them—without the payment of duty or tax, of course,—and as long as they are in the warehouse they are not technically in Canada. I think I may say that. It is from this that someone got the bright idea of taking it one step further.

He was storing goods in the customs warehouse without the payment of duty. The goods were there along with millions of dollars worth of other goods such as are found in bonded customs warehouses all over the country. He takes from that warehouse a watch or a clock or a pair of stockings or some such article and pays on it the duty and excise tax if any is applicable. He then puts it in the store window. In the case we are thinking of he has built a retail store. It is not a large one but it is a store where these things are on display. A tourist who goes in there can pick out these expensive goods. Usually, of course, they are in the semi-luxury class such as woollens, china and so on. That night—depending on how good the service is that the man gives—he can have his clerk work or he can go and work all night or have the staff in the warehouse work if he is willing to pay for it because the warehouse does not operate for free, mind you, and he can package these goods and they are then sent out of the country. Technically they have never been in. They were only in the warehouse and then out they go. They do not pay excise tax or duty. A tourist must stay here at least 48 hours before he can make a purchase. He cannot just flip across the line and buy his goods and go right home. He has to stay 48 hours and he may stay longer.

Mr. McIlraith: There is a limitation on the amount set by his own country.

Mr. Nowlan: The Americans are more generous than we are. They may spend \$200 or \$300—whatever it is—if they are here for 48 hours and it goes up proportionately. If they are here 12 days, which would be a good thing in many ways for the tourist industry of Canada, they can go back home and take with them or have shipped to them there \$500 worth of goods. They do not have to take the goods home. The United States act is much more lenient than ours. We insist, as some hon. members know to their cost, that you bring the goods back with you. You carry them back. Under the United States act you can ship the goods back. That makes it possible for people to make purchases of this kind but they must be here at least 48 hours. They must be here a minimum of 12 days to

get the maximum benefit of the thing which is viewed as a threat to our industry by Canadian merchants but during this time they would likely spend lots of money in restaurants, motels and so forth. At the worst it is not an unmixed deal.

This department has received many protests, not many but they have been localized. My late lamented friend raised it with me pointedly. We know what we can do but it would involve changes in the regulations and statute and the last stage might be worse than the first. If the situation developed to the extent concerning which fears have been expressed we will undoubtedly have to take some action.

Mr. McIlraith: I have two questions on that point. First, is any licence required from the department for the operation of the so-called duty-free shops?

Mr. Nowlan: Nothing whatever is required for the shop. There is, of course, a licence for the operation of the warehouse.

Mr. Fisher: Mr. Chairman, I have a question on the order paper for the minister's department in connection with Quetico park. I think it would be out of order for me to attempt to bring it up here. I have been bothered by my own inability to understand the scope and nature of the problem raised by the hon. member for Kenora-Rainy River by correspondence with the department. I have brought it up since. I would appreciate the minister giving me an assurance that his department will send me a résumé of the whole problem and how it may be approached and if anything can be done to stop the practice that arises from the fact that the people of the United States exploit the park more than Canadians do although it is a joint project.

Can the minister also tell me how many decisions he made last year under section 38 of the act? I know he made a couple in January but I want to know how this section is working out.

Mr. Nowlan: I could not give an answer to that, Mr. Chairman. Some decisions are made by me personally. Others are fairly well laid down in the department. I made a decision on Russian pig iron and Chinese textiles. That was one class with which I dealt personally. I cannot answer that question. Frankly I would have to check the records and files and even then I would not be able to give a definite answer.

Mr. Fisher: I am wondering if the changes in the act are working well. Are they effective? Does the minister make regular use of them?