

Senator CROLL: Mr. Simpson, isn't that a one-shot affair—the department allows it only once, that is, when you bring it in once that is the end of it?

Mr. SIMPSON: That is not so, Senator Croll, because there are many long-established companies here and very large companies at that, who are engaged in metallurgical processes in the north country, where they do refining and milling operations, and every time they need a new furnace transformer it comes in free.

Senator CROLL: And it could have been obtained in Canada?

Mr. SIMPSON: Yes.

Senator CROLL: At a comparable price?

Mr. SIMPSON: Yes, in the case of transformers.

Senator CROLL: I do not know too much about transformers but I understood the general attitude of the department was that in this capital goods field this end-use privilege is allowed only once, and if it should happen that the privilege is granted a second time then of course you can always bring it to the attention of the department and say this equipment was available in Canada and they did not take advantage of it, and the duty is then calculated on the regular tariff item. I thought that was the attitude.

Mr. SIMPSON: Not in these end-use tariff items as I understand it. None of them has ever been rescinded. As you know, the Minister of Finance has given a reference to the Tariff Board for examination into the mining and oil and gas industries on end-use privileges. That hearing is starting in June and it will take some length of time to complete. Of course, the industries I have mentioned are not the only ones. There are many others. This is the first time there have been any signs of progress in this regard.

Senator BLOIS: Does this not refer particularly to equipment that comes in for use in the production of goods that are going to be exported? I know over a number of years that equipment has been coming into Canada with motors attached, but a great number of these companies are now suggesting that this equipment come in without motors attached. I am speaking now of equipment that is to be used by Canadian manufacturers, and not referring to the export business.

Mr. SIMPSON: I do not think that is strictly true.

Senator BLOIS: I know it is because I have gone through a lot of it.

Mr. SIMPSON: Well, during the war years I was director of purchasing at Research Enterprises, which was a Government company, and I used to order all the equipment from the United States without motors, and we attached the motors here. Of course there was a special reason for doing that inasmuch as we were on 25 cycles and their motors were all 60 cycles. We could do that. But now, with the new ruling, and because of this Tariff Board case they can bring in equipment of a class or kind not made in Canada, with the motors and controls attached, and it comes in at the same duty rate as the machine itself, the motor being considered a component part of the machine.

Senator BLOIS: What is the advantage to that? The price of those motors in Canada is much the same as they are in the United States and so there is no advantage.

Mr. SIMPSON: The manufacturer in Canada let us say orders a jig borer and it comes in with the electrical equipment on it. This means that this business is lost to the Canadian manufacturer.