

Supply—National Revenue

co-operation of his officials, investigate the situation with a view to eliminating the 11 per cent tax on Canadian made confectionery and chocolate products, which raises the cost of such products?

I also wonder whether the minister would consider raising the tariff on the entry of such products, so as to enable—

(Text):

The Deputy Chairman: Order. I think the hon. member is talking about raising or lowering tariffs. That does not come under this department, but under the Department of Finance.

Mr. Valade: I thought that since questions of this kind were permitted before I would be allowed to produce them myself.

The Deputy Chairman: The minister has said he cannot answer these questions and I do not see any reason for asking him any more at the moment.

(Translation):

Mr. Valade: In that case, Mr. Chairman, perhaps the minister might consider classifying chocolates and candy as foods rather than luxuries. This would in effect remove the 11 per cent tax that weights upon that Canadian industry.

One confectionery manufacturer, in my constituency, is in serious trouble because of that tariff. He employs a few hundred workers, and I think that Canadian manufacturers of confectionery provide jobs for thousands of people across the country. I wonder, therefore, whether chocolate and sweets could not be regarded as foods rather than luxury products. This would reduce the cost to the manufacturer, and hence the selling price in Canada.

(Text):

Mr. Nowlan: I must apologize to the hon. member for Lafontaine who raised the same question a while ago. I completely forgot to reply when I was speaking and I apologize to him. He asked specifically about any agreement or discussion which took place between the Minister of Finance and the chocolate manufacturers a short time ago. Of course, the discussion was in very general terms. The manufacturers made representations which were not entirely novel or original, to the effect that this was an evil tax and that it should be reduced or done away with. The minister listened very patiently to those representations, and that was the extent of any obligation that was undertaken or of the discussion which took place. I was there, and that is what took place as I recall it.

The hon. member for St. Marie raised roughly the same problem. This, of course, as you pointed out, Mr. Chairman, is a budget matter, a matter which comes within the pur-

[Mr. Valade.]

view of the Minister of Finance. It concerns the rates of taxation and is something over which I have no direct responsibility, though I have an indirect one as a member of the government and, also, of course, as a member of the House of Commons.

The chocolate manufacturers visited me last week. The biscuit manufacturers turned out what at one time was called a chocolate bar. They now print across the label that it is a biscuit, and they rejoice in the freedom they have found in the change of label and also in having avoided an excise tax, because a decision of the tariff board has been handed down that biscuits are tax free. So I think this has been a good thing for the printing industry, since new labels have been printed very rapidly. There are other cases which are going to the tariff board as far as these items are concerned. As far as taxation is involved, that is a budgetary matter and will be dealt with at the appropriate time.

Mr. McIlraith: I should like to ask the minister if he would elaborate on his answer concerning the duty-free shops. There seems to be a good deal of confusion about them, and the minister will recall there was a great deal of concern about them in March of this year with particular reference to a proposed new enterprise at Niagara Falls.

The minister will also recall that a question was asked on the subject as appears in *Hansard* of March 3 of this year by the late hon. member for Niagara Falls to which an answer was given at that time. I think the answer is good as far as it goes, but I wonder if the minister could tell us exactly how this works out under sections 64 and 79 of the Customs Act, and give us a little more information with respect to the operation as it applies in such places as the Gananoque bridge where there was a great deal of talk about a proposed shop being operated, and Niagara Falls, and other places of that nature as distinguished from the operation carried on by regular merchants in inland cities where they do operate a certain portion of their trade in this way but only as a small factor of their total trade and where the articles that are being sold out of the bonded warehouse on a duty-free basis are shown in their stores in competition with similar Canadian articles. I am thinking of inland shops dealing with such things as woollen products and dishes from the United Kingdom and that sort of thing. If the minister would elaborate on the distinction it would be useful to have it on the record.

Mr. Nowlan: I do not know if I am in a position to elaborate. I have now forgotten what I previously said when speaking on the matter only a few moments ago.