

Mr. WHELAN: That was the question I wanted to ask.

The CHAIRMAN: Mr. Howe?

Mr. HOWE (*Wellington Huron*): Well, it is rather interesting, after the statement the Minister has made, when I look at the Royal Commission on Health Services' report on cost of drugs in Canada at page 53, and note an example there, which sums it up with the following statement:

It should be observed from the above example that the addition of 11 cents to the price of \$1 established at the manufacturer level has the effect of increasing the retail price of the drug by 23 cents. It is estimated that the proceeds from the federal sales tax of 11 per cent on drugs and medicines sold by retail drug stores amount to \$15 million.

In other words you say this is not correct, that it does not increase by 23 cents?

Mr. BENSON: They have to use assumptions. It might increase the price by 23 cents if you apply the assumption that you double everything including the sales tax in arriving at your selling price. But according to the best data we have the amount we collected last year on all pharmaceuticals — and these are figures supplied to me by the Department — was \$19 million under our broad definition of pharmaceuticals. From the research we have done, and we have indicated in that brief the difficulty in determining in prescription drugs the amount of tax per dollar of sales, it works out to from 1.8 to 3 per cent and over the whole class to 4.96 per cent, I think the figure was.

Mr. HOWE (*Hamilton South*): But, 23 cents on over \$2 is still only 11 per cent. It is not higher, as I said, in the first place.

The CHAIRMAN: Mr. Prud'homme?

Mr. PRUD'HOMME: I will ask my question in English. After visiting many pharmaceutical manufacturers last year, I came to the conclusion that they insisted very much that we take into consideration the costs of research. Are we in a position to ascertain if research costs are as high as indicated? Should we not try to reduce the cost of drugs rather than take for granted that the taxes are the reason for the high price of drugs?

Mr. BENSON: All I can say as Minister of National Revenue is I cannot tell you how much various companies spend on research in Canada. If you want to find this out you will have to go to them because I cannot disclose information with regard to individual concerns that are contained in individual tax returns which are filed.

The CHAIRMAN: As we will have the individual companies before us we hope they will give us this information. Are there any other questions of the Minister?

Mr. ROXBURGH: Would the minister then give us the total that all drug manufacturing concerns spend on research which is not giving anything away with regard to the individual manufacturing concern?

Mr. BENSON: No, I do not think I could.

Mr. ROXBURGH: Why?

Mr. BENSON: This would involve my going into the tax returns which are not in this division of my department at all. These are under another Deputy Minister, and these