

dated and will appear in composite form in the amended schedule to the tariff. Already I have noticed one or two. Where such occurs would the minister be prepared to inform the committee just what items have been so consolidated, and the reasons therefor?

Mr. DUNNING: I think that is carried out already, if my hon. friend will go through the items. If it is not, I shall be in a position to deal with it.

Mr. STEVENS: No, it is not carried out there. It is merely given in the form of figures, and no explanation.

Mr. BENNETT: The number of the tariff item does not appear.

Mr. DUNNING: Is it the numbers that my hon. friend from Kootenay East would like to get?

Mr. STEVENS: Yes, and in addition to that, the reason for the consolidation. I will not go into the matter now, but there are definite reasons why that should be done.

EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the schedule to The Excise Act, 1934, as amended by chapter twenty-nine of the statutes of 1935 and to provide:—

1. That the duty of excise on Canadian brandy be reduced from four dollars to three dollars per proof gallon;

2. That the duty of excise imposed upon spirits used in the manufacture of patent and proprietary medicines, extracts, essences and pharmaceutical preparations be reduced from two dollars and fifty cents to one dollar and fifty cents per proof gallon;

3. That the duty of excise imposed upon spirits, sold to licensed druggists and used exclusively in the preparation of prescriptions for medicines and pharmaceutical preparations be reduced from two dollars and fifty cents to one dollar and fifty cents per proof gallon;

4. That paragraphs (d) and (e) of section six of the said schedule, being the duties imposed upon imported leaf tobacco unstemmed and imported leaf tobacco stemmed be repealed;

5. That any enactment founded on paragraphs one, two, three and four of this resolution shall be deemed to have come into force on the second day of May, 1936.

Mr. BENNETT: Perhaps it would be well to deal with the resolution paragraph by paragraph.

Mr. DUNNING: The right hon. gentleman prefers to take each paragraph separately?

Mr. BENNETT: Yes.

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1. Resolved, that it is expedient to introduce a measure to amend the schedule to the Excise Act, 1934, as amended by chapter twenty-nine of the statutes of 1935 and to provide:—

1. That the duty of excise on Canadian brandy be reduced from four dollars to three dollars per proof gallon.

Mr. DUNNING: With regard to the change in the excise duty on spirits, it will be remembered that in last year's budget the domestic excise duty on spirits was reduced from \$7 a gallon to \$4 a gallon. At the same time the customs duty on spirits under the British preference was reduced from \$8 to \$5. Under the previously existing rate, brandy from Australia and New Zealand enjoyed a \$6 rate on imports. This differential of \$2 as compared with the British preferential rate of \$8 is fixed by the terms of the agreement. It is provided in the agreement that the \$2 spread as compared with the British preference shall be coincident. Accordingly, under the customs tariff as it now stands, brandy from these two countries may be imported under the \$3 a gallon duty, while domestic producers of brandy are still required to pay \$4 a gallon domestic excise duty, and the reduction here is for the purpose of equalizing the rate of excise upon Canadian domestic brandy with brandy imported under the customs tariff from these two countries.

Mr. BENNETT: What do we produce in this country in the way of brandy?

Mr. DUNNING: The production is not large. I understand three firms are making it, but no separate statistics are kept to date of its production in Canada.

Mr. BENNETT: Of course, so far as the excise payable of \$3 against the \$4, the reducing of it to \$3 is concerned, the import charges from Australia and New Zealand have to be reckoned with. There was not a difference of a dollar; there was only the difference between a dollar and that portion of it which covered freight and insurance and the cost of transporting the brandy from Australia and New Zealand.

Mr. DUNNING: Rather a wide spread for that purpose, is it not?

Mr. BENNETT: Oh, a dollar a gallon would be large, but not very large.

Paragraph agreed to.

2. That the duty of excise imposed upon spirits used in the manufacture of patent and proprietary medicines, extracts, essences and pharmaceutical preparations be reduced from two dollars and fifty cents to one dollar and fifty cents per proof gallon.