

and customs duties will affect a wide range of consumer goods and will have a correspondingly wide impact upon consumers' well-being.

Let me first comment upon the proposed changes in the sales tax. As the House knows, it is proposed to remove the sales tax on confectionaries, chocolate bars, soft drinks, fruit drinks and other near-food products. The effect of this measure in so far as food is concerned will be to exempt from federal sales tax all food and drink for human consumption, except alcoholic beverages.

Furthermore, it is proposed that the federal sales tax will be removed from children's clothing and footwear. These measures will be of great benefit to Canadian consumers, particularly to those in the lower income groups. Already a number of important companies in the food distribution field have announced reductions in the price of soft drinks, fruit drinks, confectionary products and snack foods.

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Within one or two days after the announcement of the proposed removal of the sales tax on children's clothing and footwear, several of Canada's leading merchandising organizations announced reductions on the prices of these items. One firm announced a 10 per cent cut, a second announced a 15 per cent cut, while a third made a statement the import of which was that its price reductions would conform completely to the reduced sales tax.

Secondly, Mr. Speaker, the budget proposals include the elimination of the 10 per cent excise tax on cosmetics and toilet articles. Furthermore, it proposes the removal of the excise tax on clocks and watches except those on which the manufacturer's price or duty paid value exceeds \$50. These also are constructive proposals from the consumer's point of view and already the benefits are appearing at the point of sale.

Some hon. Members: Oh, oh!

Mr. Gray: For example, two important supermarket chains have announced cuts in the prices of specified cosmetics and toiletries, and two local Ottawa firms have announced cuts in the prices of cosmetics, toiletries, clocks and watches.

Some hon. Members: Hear, hear!

Mr. Gray: Next, Mr. Speaker, let me deal with the benefits to the consuming public from the reductions in customs duties proposed for many articles imported into Canada. The products on which tariff cuts will have the greatest significance for the greatest number of consumers are probably those in the food category. Food prices have been rising more sharply than other consumer prices in recent months, particularly the prices of relatively unprocessed foods. The aim of these cuts is to help moderate those food prices.

Probably the most important food items to be affected by the proposed cuts are fresh beef and veal, fruit juices, bananas and sugar, although several other categories are also involved. The tariff on raw sugar has been reduced, in effect, by 33 cents per hundredweight. Bananas, formerly dutiable at 50 cents per hundredweight, will

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become duty free; duties on fresh beef, veal, pork and certain other fresh meats will be reduced to zero, while the duty on lamb and mutton will be reduced by one-third. Cuts of various amounts are proposed: for canned beef 50 per cent, canned pork 40 per cent, canned hams and other canned meats 25 per cent.

The 10 per cent ad valorem duty on imports of a number of vegetables and fruits will be removed. Thus, duties on these imports will fall to zero except during the season when the Canadian crops come on the market. During this season, these imports will continue to be subject to specific duties of various amounts. The purpose of the proposed cuts is obviously to help moderate prices of the products in question.

Turning now to another matter of continuing concern to Canadian consumers, drug prices, I might recall at this point that the federal government has made a very considerable effort over the past six years to help reduce the price of prescription drugs to Canadians. The proposed reductions in the customs duties on drugs represent a further step in the direction taken by the federal government when it removed the federal sales tax on drugs in 1967. The present proposals provide that customs duties on a wide range of drugs, both prescription and non-prescription, be cut by 50 per cent.

Those who are furnishing their homes or who are setting up housekeeping for the first time will be pleased to know that customs duties will be reduced on vacuum cleaners, washers, carpet sweepers and power lawn mowers. Homemakers will benefit also from the proposed reduction in duties on kitchen or household hollow-ware of aluminum, nickel, iron or steel, as well as the proposed reduction of duties on chinaware and porcelainware.

The Minister of Finance (Mr. Turner) in his budget speech on February 19 indicated that the reductions in the sales and excise taxes taken together would reduce federal revenues in the coming fiscal year by about \$190 million. It seems likely that the dollar volume of imports which will be affected by the proposed reductions in customs duties may well be of the order of \$1.3 billion per year. Mr. Speaker, I think it is clear that the reductions proposed by the Minister of Finance in sales tax, in excise taxes and in customs duties will prove to be advantageous to the Canadian consuming public.

A very basic aim of the budget is to ensure that there is more money in the consumers' wallets and pocketbooks for them to spend. To achieve this aim the government has proposed increases in personal exemptions as well as a substantial cut in personal income tax. This cut involves a 5 per cent reduction in the basic federal income tax up to a maximum of \$500. But to ensure that there is meaningful tax relief for the middle and lower income groups, the government has proposed that there be a minimum reduction in personal income tax of \$100. This means that the actual tax cuts for many hundreds of thousands of Canadian taxpayers will be far higher than 5 per cent.

For example, as the Minister of Finance has pointed out, taking into account the increase in individual exemption and the cut in personal income tax, for a married couple with two young children and the breadwinner earning \$5,000, the total tax will be reduced by \$137. This represents a 47 per cent reduction from what the tax