

sale value which, at the present time, is the suggested sales tax included list selling price to users, less discounts of 40 per cent and 15½ per cent, or a total discount of 49.3 per cent below the retail price. All manufacturers of pharmaceuticals, regardless of which basis is being used, are required to account for sales tax on sales to wholesalers on the sale price.

The discount of 40 per cent and 15½ per cent was determined in 1959 after a survey of the industry and is the weighted average at which manufacturers selling to wholesalers in representative quantities sell their pharmaceuticals to wholesalers. Using the determined discounts, that is, list less 40 per cent and 15½ per cent, the average sales tax paid by manufacturers of pharmaceuticals amounts to 4.96 cents on each dollar of sales to users. So when people are speaking of 11 per cent sales tax, on the basis it is applied and applying it to the selling price — and this is across the broader range, which we have — it comes to 4.96 cents on each dollar of sales to users.

With regard to pharmaceuticals sold on prescription, the class of drugs the committee is most concerned with, the determination of the sales tax content expressed as a percentage of the selling price to the user is rather more difficult to determine. This is so because retail pharmacists use different methods for arriving at the selling price. Some pharmacists simply add to the cost of the pharmaceuticals an amount which represents their professional fee plus mark-up. In those cases where the cost of pharmaceuticals was extremely low, the mark-up could represent 175 per cent. In the case of expensive pharmaceuticals, the mark-up could be as low as 50 per cent. In the light of this information, the tax content of the retail price of pharmaceuticals sold on prescription could vary between 1.8¢ and 3¢ on each dollar of sales.

Based on the latest available Dominion Bureau of Statistics figures plus information received from the Canadian Pharmaceutical Association and the Proprietary Association of Canada, sales of pharmaceuticals amounting to approximately \$240,000,000-\$250,000,000 at manufacturers' selling price, were made, in the last fiscal year. Included in these figures are sales of imported pharmaceuticals which amounted to approximately 7 per cent of the total sales.

Sales tax paid on pharmaceuticals during the last fiscal year amounted to approximately \$19,000,000.00.

But here again, I must point out this is on the wider range of pharmaceuticals as defined under the Excise Tax Act.

I should close my comments on the excise tax application to these goods by bringing to your attention that in addition to the exemptions afforded charitable institutions by way of refund and bona fide public hospitals, exemption is also provided for Adrenocorticotrophin (ACTH), cortisone, insulin, radium, liver extract for use exclusively in the treatment of anaemia, vaccine for use in the prevention of poliomyelitis, and material for use exclusively in its manufacture.

Now the Hon. Mr. Gordon, when he was Minister of Finance, and Mr. Sharp have stated, in the House, the view of the Government with respect to the sales tax on pharmaceuticals. Perhaps I could just read what Mr. Sharp said in *Hansard* on page 6094, Tuesday, June 7, 1966:

In my budget address I made it clear that the Government is prepared to remove the sales tax from drugs, should this course be recommended by the