

*Excise Tax*

**Mr. Speaker:** Order, please. I regret it very much, but I have to remind hon. members that it is one o'clock. The House will resume its work at 2 p.m.

At one o'clock the House took recess.

**AFTER RECESS**

The House resumed at 2 p.m.

**Mrs. Grace MacInnis (Vancouver Kingsway):** Mr. Speaker, there are a few things I would like to say on several clauses of this bill which deal closely with the everyday living of people and families, particularly those people in the middle and lower income groups. First I want to refer to the clause which removes the federal sales tax on children's clothing and footwear. The minister says that this will save consumers about \$30 million a year. I am very glad to hear that. I should like to find out on what the minister bases his calculations and whether they work in practice. From what I can find out, there was an almost immediate drop in the cost of children's clothing and children's footwear after the budget announcement. In the month of March the price of children's clothing decreased by 4.2 per cent and children's footwear by 3.4 per cent following the removal of the federal sales tax.

● (1410)

In April, the price of children's wear remained the same but the prices of some of these items were offset by others. In May there was a slight rise in the children's wear index of half of 1 per cent, and in June the children's wear index rose by .4 per cent. Between April and May there was an increase of 1 per cent in all footwear. Apparently there are no separate figures available for children's footwear but just an over-all figure for all footwear. In spite of the fact that apparently there has been a very slight increase in prices again—the main drop in the month following the budget was 4.2 per cent for children's wear and 3.4 per cent for children's footwear—prices have remained fairly steady. I am glad this is so, and I hope it will continue because these items are of considerable concern to families on lower incomes in particular.

Of course, there are other considerations that have to be offset against these factors. For instance, the end of March is when children's winter clothing is appearing in the sales. This may have had some effect on the price level; I do not know. However, I do know that some of us are most anxious to find out whether this saving of \$30 million is going to reach the consumer or whether it is going to be absorbed somewhere before the consumer gets it. The same thing obtains in the section of the bill concerning the removal of federal sales tax on food and drink for human consumption. Here again, the minister said the consumer will save approximately \$70 million. Again, I should like to have something very substantial on how the minister calculates this and how he is going to guarantee it. That is a round figure of \$100 million for children's wear, footwear, food and drink.

**Mr. Turner (Ottawa-Carleton):** I rise on a point of order, Mr. Speaker. What I said this morning was that the

[Mr. Stackhouse.]

tax representing children's clothing was about \$70 million, and the tax representing the other consumer goods was \$30 million. The question is, of course, to find out how much of that is passed on to the consumer. I did not put it in the terms that the hon. member puts it, namely, that the consumer will have saved that amount. That is what the tax represents. The question is how the tax will be passed on.

**Mr. Deputy Speaker:** That is not a point of order but is perhaps something that could be answered when we go into committee.

**Mrs. MacInnis (Vancouver Kingsway):** Mr. Speaker, I am sorry that you rebuked the minister, because I am glad to get this comment. It underlines what I am now going to say, which is that either the Minister of Finance (Mr. Turner) or the Minister of Consumer and Corporate Affairs (Mr. Gray), or both—certainly the Minister of Consumer and Corporate Affairs—said some time ago that he had set up a monitoring agency to make sure that in the case of food and drink the savings were passed on to the consumer. There has been a lot of inquiry, particularly on the matter of soft drinks, about how that monitoring agency is getting along, what it is doing, what it has monitored and whether it has found that the savings are being passed along.

If the minister would like to get up and report on that, Mr. Speaker, I hope you will not discourage him, because I would like very much to hear about it. Some of us on this side of the House are a bit inclined to doubt that the monitoring agency exists outside the mind of the minister. Maybe it does, but we have not had any proof of its existence up to this point and we would like very much to know whether the monitoring agency is monitoring, what it has found, and if these savings are being passed to the consumer. Many hon. members have had correspondence, as I have, indicating that far from there being savings, the cost of soft drinks in the stores has been going up.

I should like very much to know how this is working. After all, it is a very good thing to take off the tax, but if the saving remains some place in the food chain and does not get to the consumer, we are not getting very far in relieving the cost of living for the consumer. I think it is a very good idea to take the sales tax off these things, but I cannot help wishing that the minister and the government would not be so ready, every time we want to see action taken, to place selective controls and curbs on those foodstuffs necessary for a good, nourishing diet, to jump so quickly into the breach and say they have taken the tax off pop, gum and candy, because we know that pop, gum and candy are no substitute for good food. They may be like the baby soothers of old days and fill the hole in the mouth to get people quietened down, but they are no substitute for good, nourishing food.

**Some hon. Members:** Hear, hear!

**Mrs. MacInnis (Vancouver Kingsway):** There are a lot of people in the country who, while welcoming the removal of the sales tax from these items of clothing, food and drink, are very disappointed that the government is not doing more—in fact, is not doing anything to see that the cost of living is brought down on those items of foodstuffs