

- (592) More than likely, according to witnesses, the Government is going through this exercise to introduce a tax which could significantly boost future revenues. By taxing services for the first time, it is taxing the fastest growing component of GDP.
- (593) As the B.C. Minister of Finance, the Honourable Mel Couvelier, told the Committee, "It is no secret that the federal government sees the GST as a solution to stem the red ink and slow the growth of the mountain of debt. . . . I am frustrated by the federal mindset that sees a tax grab as the only solution to our fiscal dilemma." (66:15)
- (594) The international experience in this regard is not reassuring. VAT rates in the rest of the world have not only been introduced at higher levels than in Canada, they have grown substantially. With about one-half of the Canadian GDP already going through one form of government or another, it is not comforting to be presented with a new tax that can only be referred to as a "cash cow".
- (595) As the above discussion has pointed out, the Committee does not think the GST is fair. Also, it is not clear that it is efficient. Our tax structure must be competitive with that of our major trading partner, the United States. The U.S. does not have this kind of tax and has deliberately rejected it in the past. Moreover, Americans do not face the same high level of taxation that Canadians face. If the GST promises ever higher taxation, our competitiveness will further erode.
- (596) Nine out ten provincial governments oppose the move by the Government into retail sales taxes. In New Brunswick, the provincial Minister of Finance told the Committee,