

no Canadian government would ever support a tax or a policy that would give foreigners in Canada preferential treatment over Canadians.

Mrs. Dorothy Dobbie (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I am very glad to hear that the hon. member opposite is so sensitive to the tourism industry. Certainly, as one who has been involved in that industry for the past decade, both as a publisher and as a volunteer in promoting the industry, I was interested in hearing his comments. I am even more delighted to set him straight on a couple of the errors that he made in his discussion.

First, I would like to emphasize that the federal government recognizes and remains committed to enhancing the important role of tourism in our economy. In this context, we believe that the GST will be a vast improvement over the present federal sales tax which restricts Canada's economic growth. The new tax will help Canada compete in the world economy, and people in the tourism industry will appreciate that.

In collaboration with representatives of the tourism industry, the minister has undertaken extensive consultations with his colleague, the Minister of Finance, regarding the effect of the GST on the international competitiveness of the industry. I am happy to report that, based upon the information provided in the recently released technical paper, these efforts have resulted in provisions that reflect consistent application of the underlying principle of the GST which is designed to improve the competitiveness of Canada's export industries. Among them, we include tourism, which is an export industry.

Thus, purchases of goods and accommodation by foreign visitors will be eligible for a rebate. The GST rebates to foreign visitors have provisions that are not available in other countries with similar taxes and that is a distinct advantage to our tourism operators here in Canada.

For example, Canada is the only country in the world with a value-added tax to offer a rebate on accommodation. International passenger transportation, both inbound and outbound, and inbound air travel purchased in the U.S. will be exempt from the goods and services tax. More people coming into the country and spending

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money help support our economy. Also, cruise ship operations to points outside Canada will be included. In addition, public and private sector attractions will be treated equally.

Measures have been put in place to ease the administrative burden on small business. Businesses with annual sales of less than \$30,000, which includes very many small tourism operators along the border, will be able to opt out of the GST system entirely and an administration fee will be available to small businesses that will also be allowed to remit the tax less frequently than other businesses. These measures, I believe, demonstrate clearly the government's recognition of the importance of the tourism industry in the export sector.

It is also important to note that the Conference Board of Canada's projections indicate continuing growth in the tourism industry. The initial impact of the tax may be a slight decline in the rate of that growth, however, the industry will continue to grow to provide jobs for Canadians and revenues for the private sector and governments. Once the tax is in place and the over-all economic benefits from a more efficient tax system are felt, the tourism industry will grow more than it would have without the GST.

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A number of studies undertaken by Tourism Canada, for example, have indicated that Canadian tourism prices are generally considered to be competitive to prices in the United States and other jurisdictions, especially when the total package of goods and services bought by tourists is considered.

A recent survey indicated that in the United States lodging, meal and domestic airfare costs are higher than those in Canada by 36 per cent, 20 per cent and 17 per cent, respectively. Tourism Canada is currently conducting a major new travel price value perception study to evaluate price as a factor in the influencing of travel to and from Canada. My colleagues would be pleased to make this information available to interested members when the study is completed in the fall of 1990.

With respect to travel in Canada by Canadians, I believe that it is important not to overstate the significance of the GST. Even relatively small fluctuations in exchange rates will more than offset any incentives under the new tax to travel abroad. It should not be