

independent research and by receiving complaints; and (5) to inform the public of any irregular pricing practices.

While most witnesses agreed that consumers should have information about the GST, there was considerable debate about the need to create an agency like the GST Consumer Information Office to provide it. A number of witnesses also expressed concern about the CIO's investigatory role in relation to complaints about unfair pricing practices.

Organizations such as the Canadian Chamber of Commerce and the Canadian Retail Hardware Association (CRHA) were totally opposed to the creation of a GST Consumer Information Office. They felt that establishing such an agency would be a waste of taxpayers' money. Moreover, they contended that it would perpetuate the myth that businesses are likely to take advantage of the tax to increase prices unfairly. In their view, market forces alone would be enough to determine that the savings from the removal of the FST would be passed on to consumers. According to the CRHA, losing business as a result of the failure to pass on FST savings is more of an effective threat than a government "watchdog" would be.

Other witnesses felt that the CIO could play a useful role in informing consumers about the GST. Both the CAC and the Association des consommateurs du Québec endorsed the concept of a consumer information office, while the Business Council on National Issues was of the view that such an office could help reduce confusion by: (1) providing consumers with information to explain the practical effect of the move from the FST to the GST; (2) generally identifying the price effects of the GST for broad product categories; and (3) engaging in research and monitoring activities.

The Committee strongly supports the creation of a neutral, independent information agency to educate consumers about the GST. It is important that this agency not be seen as a channel for the government to promote the GST or to deflect criticism of the tax. Its primary role must be to assist consumers through the transition period from the FST to the GST by providing factual, non-biased information.

### **1. Information on the Anticipated Price Effects of the GST**

As mentioned earlier, the CIO has been assigned the task of providing information on the anticipated price effects of the GST. It is therefore important to assess the ability of such an agency to isolate the price effect of the tax. Several witnesses argued that this would be a difficult task.