

that they expect that one-third of the FST will remain for years after its removal.

The Committee heard that a 50 percent passthrough will lead to 2.8% increase in consumer prices. A thirty percent passthrough will lead to a price impact of 3.3 percent. Again, if it is impossible to identify the FST component in prices, projections about the price impact of the GST can be anywhere in the range from 1.25% to 3.3 percent. This leads to a great deal of skepticism about many of the government's projections about the impact of the GST on consumers.

II. Consumer Information

The Committee's second mandate was to look into the creation of a consumer information office. The Minister of Consumer and Corporate Affairs preempted the work of the Committee by announcing the formation of an ill-defined, \$19 million GST Consumer Information Office (CIO).

We can only conclude, given the evidence that the FST cannot be tracked, that such an agency will be a gross waste of taxpayers money. Even Nicholas Murray, the appointed head of the CIO and president of the Consumers Association, told the Committee that he was skeptical that the agency could track the impact of removing. He stated that the agency would be useful to educate merchants and consumers, but "not very useful from a practical point of view."

Laurent Thibault, the head of the Canadian Manufacturers Association, told the Committee that an agency that would try to identify the impact of the removal of the FST would be "the wrong approach" because of the complexity of the task.

The NDP agrees with the chief economist of the CFIB who told the Committee that:

There is absolutely no way that the Consumer and Corporate Affairs committee that is to be set up will be anything but a political; exercise to perhaps make consumers feel their interests are being looked out for. Statistics Canada has already admitted there is no way they can do a GST-related price index, so it cannot be done by the best of experts.

Clearly, the CIO is just an attempt to put a human face on what is a tax that will hit low and medium income Canadians the hardest.