

would raise about \$18.5 billion of revenue. Therefore, the GST reforms must raise at least this amount of revenue. However, even if the GST were designed simply to raise the same amount of revenue as the MST, the burden on Canadian consumers would be substantially increased.

Using the input-output analysis associated with the SPSPD/M, it is estimated that about \$1.5 billion of the MST is imposed on manufactured goods that are exported. In addition, about \$3.2 billion of the MST falls on business investments in construction and machinery. Under the GST all exports and business imports will be freed of tax. On balance, it is estimated that Canadian consumers would pay almost \$4.7 billion more in tax even if the GST were simply substituted for the MST and the same amount of revenue collected.

It is important to hear this second paragraph on page 5 again. It says:

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There is a clear transfer of tax burden from the manufacturers to the consumers. Perhaps the manufacturers passed it on through prices, but not the export prices. Manufacturers, of course, think it is simpler if the government does it, and then they do not have to worry about it. Professor Brooks goes on:

The increased taxes levied on consumer goods sold in Canada under the GST will result, the government estimates, in prices increasing by about 1.25 per cent. This price increase will result, in turn, in the increase of government transfer payments that are indexed for inflation. It will impose additional hardships on low-income Canadians since their cost of living will increase. The government estimates that offsetting these effects, including administering the new tax, will cost an additional \$2.9 billion. Thus, under the GST reforms, the government must raise \$21.4 billion (\$18.5 billion to replace the revenues lost by repealing the MST, plus \$2.9 to cover the consequential offsets).

● (1520)

Sales Tax Credit

To protect low income Canadians from the increase in the price in consumer goods, as a major offset to enacting the GST, the government proposes to increase the refundable sales tax credit. This enriched refundable sales tax credit (the GST tax credit), will be set at \$190 per adult (the existing refundable sales tax credit will pay \$140 in 1990) and \$100 per child (up from \$70 in 1990). The threshold, that is, the income level at which the credit will begin to

be reduced, will be set at \$24,800 in 1991 (up from \$18,000 in 1980). The GST credit will be reduced by five cents for every dollar of income the recipient earns above the \$24,800 threshold to compensate them for the fact that they face higher living costs than couples with the same incomes because they have to maintain a separate household, single parents and adults will be able to claim an additional credit. This "single person's supplement" will be 2 per cent of net income of \$6,175, reaching a maximum \$100 at a net income of \$13,175. In the words of the *Technical Paper on the Goods and Services Tax*, the purpose of this complex formula is to ensure that the single person's supplement is targeted "to lower income working or retired singles who maintain their own households and are not dependent on parents or other supporting persons." Single parents will be able to claim the adult rate for one of their children (\$190 instead of \$100). The government estimates that the cost of enhancing the sales tax credit will be \$1.2 billion.

Housing Rebate

To protect middle income house buyers—

Before I continue, I highly recommend to my colleagues on both sides that they get this paper and read it carefully. It is difficult, I realize, to follow all these figures unless you want to take a pencil and paper and do the addition. I have checked Mr. Brooks. He is fairly good. I realize that after hearing a whole cascade of figures one after the other you get to the point where you are not too sure what you heard last and what you will hear next.

An Hon. Senator: Will you send me a copy?

Senator Gigantès: You would like me to send you a copy?

An Hon. Senator: Or shall I take it as read?

Senator Gigantès: Oh, no. I cannot do that, because there are some of you who are not in the habit of reading. I am hoping that some words will penetrate. Not you, sir, or Senator Tremblay. Senator Tremblay is an avid reader. He devours reading material. He is very particular about every word. He is awfully good at it. I have no worries about Senator Tremblay not reading this, because he will. If there are any errors, he will find them. He has a great reputation for this. If I believed in reincarnation, I would say that he was—

Senator Tremblay: Children in families are told that it is not polite to talk at the same time you eat.

Senator Gigantès: Oh, here we have Senator Castonguay complaining because I was having a small piece of tangerine. Now there is Senator Tremblay complaining because I have a square centimeter of biscuit.

Senator Fairbairn: Good grief!

Senator Perrault: Shocking.

Senator Gigantès: Hit me. My manners are deplorable. I promise that I will correct my ways. I will do penance. I will go to church on Christmas day even though it will be 40 below in Quebec City. I will be dragged there by my separatist