

5. Operating Budget

The Minister stated that the operating budget of the CIO would total \$19 million. The Committee is of the view that this sum is too high. We believe that the mandate of the Office can be achieved with a lower budget. The Committee therefore recommends that:

The total initial operating budget of the GST Consumer Information Office be significantly reduced.

D. Visibility of the GST at the Retail Level

Pursuant to clause 223 of Bill C-62, a vendor has the option of showing the GST on the invoice in one of two ways: (1) separately from the price or (2) included in the price with a note confirming that this is the case.

The Technical Paper set out a model presentation of the GST as shown by retailers which contained two key components. These are: separate identification of the amount of the tax on cash register receipts and prominent in-store display of prices showing the total of the cost of the product and the applicable federal tax. Where vendors choose to incorporate the GST in their shelf prices, this fact should be clearly indicated.

If the GST is included in the price of the goods, the government will provide retailers with signs to inform consumers of this fact. The Committee believes that it is important for the government to consult with consumer associations and business organizations prior to creating these signs. Advice from these groups would help to ensure that the signs convey the intended message in the simplest, most effective manner.

The visibility and uniform presentation of the GST at the retail level are important issues for consumers. The CAC told the Committee that consumers need clear information at the point-of-sale so that they can compare prices. It wants the tax to be added on only after the consumer has had the opportunity to consider the price without the tax. A survey conducted by Sears in February 1990 showed an "overwhelming" preference for identifying the GST separately from the price.

The large retailers who appeared before the Committee, Eaton, The Bay, Sears and Canadian Tire, indicated that they would be pricing their products net of the GST and adding the tax on when the consumer reached the cash register. Sears, for example, will show the GST and any applicable provincial sales tax separately at the point-of-sale and also intends to inform its customers of the GST-included price of an item before they reach the cash register. The Retail Council did indicate, however, that one of its large members would be including the GST in its retail prices.