

Determining, realizing and passing on price reductions will be an extremely difficult process that many people - retailers in particular - will have little, if any control over.

Samuel Slutsky, (Cassels, Brock and Blackwell)

We have no idea of the present impact of the federal tax and that we cannot actually say whether there is going to be an increase or not, all things being equal.

Maurice Faraggi, Canadian Real Estate Association

There is uncertainty as to how much tax savings will be passed on from the manufacturers as a result of the elimination of the Federal sales Tax and how this will affect our purchase prices.

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The question of not being able to determine the price impact of the removal of the FST is one that most, if not all witnesses, raised. This lack of certainty is a source of deep concern for the NDP members on the Committee.

Another major concern for the NDP is that many witnesses - such as Eaton's, the Bay, the Canadian Association of Japanese Automobile Dealers - stated that they intended to maintain the dollar value of the mark-ups. This means that they will realize a higher percentage on their profits as their costs presumably will decrease as a result of the removal of the FST.

The fact that it will be difficult to identify the FST component in prices means that many of the Finance Department's projections about the inflationary impact of the GST are thrown into question. The government's projected one-time price jump of 1.25 is based on a 100 percent passthrough of the FST savings. However, there is no way of knowing what that saving, if it were there at all, will be. Therefore, the projected 100 percent passthrough is just as realistic as a 0 percent passthrough. For instance, the Canadian Homebuilders Association told the committee