

There was general agreement among the witnesses that consumers must have information about the GST and its anticipated effect on prices. The Consumers Association of Canada (CAC) told the Committee that clear, consistent information was needed so that consumers could make proper price comparisons and determine which goods would be cheaper under the GST and which would not. Others, including major business associations and corporations, felt that there was a definite need for the government to educate consumers about the forthcoming changes to the tax system and called for a broad consumer information program.

The Committee believes that it is essential for consumers to understand the proposed tax changes. We therefore place great emphasis on the need to educate consumers. Providing consumers with information on the GST and its anticipated effect on prices would serve a number of objectives. It would reduce the level of confusion in the marketplace, assist consumers in making decisions about whether to buy goods and services, before or after the introduction of GST, and provide a basis for consumers to question price changes. Perhaps, more importantly, consumer education would buttress the competitive market forces that will ultimately ensure that the FST savings are realized by consumers and reduce opportunities for unfair pricing practices.

Because the transition from the FST to the GST is likely to be somewhat difficult for consumers, it is incumbent upon the federal government to anticipate and meet consumers' information needs. We strongly urge the government to act quickly in this regard. The Committee therefore recommends that:

The federal government establish a comprehensive program to educate consumers about the proposed Goods and Services Tax (GST) and that this program be carried out in part by the GST Consumer Information Office.

B. Business Education

Educating business about the GST is just as important as educating consumers. A number of witnesses felt that business operators with knowledge about the tax would be better equipped to deal with consumer queries about the impact of the GST on prices and to ensure that suppliers passed on any relevant FST savings.

The CAC suggested that the government should educate merchants about the operation of the GST. In fact, the CAC was of the view that spending money on educating consumers and members of trade associations would be more appropriate than creating a regulatory agency to monitor GST-related price changes. It contended that merchants who