Senator Olson: You wanted to stop everything, and that is all!

Senator Barootes: Be that as it may, I will accept all the criticism that the honourable senator wishes to give afterwards, because I see that he wants to have a last crack at this topic.

Allow me to make some general remarks. I congratulate Senator Hays for presenting the viewpoint of his side, with respect to this amendment, as cogently as he did. I regret that I have had to patch together my information on the spur of the moment, not having prior knowledge of the amendment and the supporting arguments that would be put forward for consideration. So I ask honourable senators to bear with me if, in my confusion and haste to prepare a few remarks, some of them may appear at times to lack cohesion.

Senator Buckwold: As usual.

Senator Barootes: In view of that comment, I would like to make one other remark. I do not mind personal attacks; in fact, I enjoy them, as they have been part of my life. However, I decry those people who, when an argument is put to them, or a point is made on an inconsistency, rely on their paranoia of personal attacks as a means of rebuttal. Have I made that clear?

Senator Olson: No.

Senator Stewart: Give us more.

Senator Haidasz: Try again.

Senator Barootes: In other words, instead of answering an inconsistency, they feel that it is better to attack a person by saying, "I am being picked on."

Honourable Senators, unlike the existing federal sales tax that was imposed previously at a multiple rate on only one third of all the goods and services consumed in Canada, the GST will apply at a lower and uniform rate to most goods and services. Consequently the sectors across our economy are likely to be treated more equitably.

Senator Buckwold: The rate is not lower; it's the same rate.

Senator Barootes: Honourable Senators, I do not intend to give a two hour address; I intend only to speak for about ten minutes.

Senator Haidasz: Seven per cent for Senator Eyton is not the same as seven per cent for John Kowszlawski on Adelaide Street in Toronto!

Senator Barootes: I want to point out that the nature of the policy behind this measure was a comprehensive tax on a much larger base of industry and people paying for it. As a consequence, and in order to make it simple and understandable, the government decided to apply it to as many goods and services as possible, omitting only those that are basic—

Senator Buckwold: Like heating oil and electricity!

Senator Barootes: I refer to food, medical care, drugs, rent, and so on, all of which were exempted from the GST. If we were to apply all the exemptions that have been requested, it would not work. We have had representations from citizens and sectoral industries requesting exemptions for fuel, funerals, clothing, footwear, books, restaurant meals, and the list goes on. The complexity would then be really enormous and there would be a loss of the revenue expected to be yielded through the GST. You would have to either raise the rate or apply it at a higher level to some products and goods. We want a level situation. I will show the corrections that can be made.

• (2120)

Consistent with this principle, the GST will be applied to electrical bills and to heating fuels. In order to generate the same net revenues as the existing tax, which the GST will replace, the 7 per cent rate must be applied on that broad and comprehensive base. Clearly, the more items that are included in that base, the lower the rate; the more that are excluded, the higher the rate will be. In this context, it would be appropriate to increase the GST rate in order to provide special treatment for electricity or for some of the other items it has been suggested should be exempted. However, you may not be aware that your electrical bill today contains a fairly significant, if hidden, amount of existing federal sales tax which the GST will remove. In order to produce electricity and to operate their businesses, utilities purchase numerous items on which federal sales tax has to be paid. These include power transmission lines, service vehicles, motor fuels, computers, tools and maintenance equipment, office equipment and furniture, telephone services, and even stationery supplies. The consumer is paying a fair amount towards these things.

I should also add, parenthetically, that, in Saskatchewan up until the present administration came into power, electricity rates were subject to provincial sales tax at a rate of 5 per cent to 7 per cent. An electricity or natural gas bill included the 5 per cent. I would also point out that transportation and utilities sectors are projected, by this method, to have a real output gain of 3.1 per cent as a result of the GST. In other words, the economy, their jobs created and their activity, will increase ultimately by 3.1 per cent.

Residential electrical users will benefit from the elimination of the current hidden tax burden on this electricity. As you know, the representatives of the electrical utilities, who appeared before the House of Commons Standing Committee on Consumer and Corporate Affairs, publicly committed themselves to passing along this federal sales tax saving to their customers. We wait to see if that shall come to pass.

Let us talk a little bit about fairness. To ensure that lower-income and middle-income earners are treated fairly under this new tax system, the government will be providing, quarterly, a tax credit. This will go to 8.7 million families in Canada, families whose income is under the $30,000 level. The achievement of greater fairness in the sales tax system has been a fundamental objective of this government since coming into office.

Senator Haidasz: And they failed.

Senator Barootes: The government has worked to eliminate special treatments that used to be permitted to some industries