

MPP Julian Reed's report from Queen's Park

By JULIAN REED, M.P.P., Halton-Burlington RETAIL SALES TAX

Appearing before the Standing Committee on Resources Development, Adrian Garrill of the Canadian Solar Industries Association protested against the tax on solar related products, claiming "it hits the industry at a point in time when it is about to go into commercialization after four years of research and development." He stated that "in Ontario we are now in a position to produce energy in the industry equal to the costs of imported oil today".

The Canadian Wood Energy Institute, represented by John Creelman, opposed extension of the retail sales tax to wood stoves, as being contradictory to the government's program of promoting energy conservation.

Energy Probe recommended taxing electricity rather than meals and soap, since all energy products are taxed except Ontario hydro, and the \$230 million revenue could easily be raised in this manner.

The Residential Aluminum Manufacturers Association, representing 40 manufacturers of over 1,600 products, opposed

extension of the sales tax to energy saving products. The government has spent millions of dollars telling people to "preserve it, conserve it", and is now taxing people for taking this advice.

Extension of the Sales Tax to Labour was opposed by several groups, including Canadian Truck Dealers, Ontario Dry Cleaners and Launderers and the Insurance Bureau of Canada.

Extension of Sales Tax to Periodicals etc. was opposed by Periodical Distributors of Canada and the Association of Canadian Publishers.

Many groups opposed

the extension of the tax base to include meals under \$6, candy and snack foods from 20 cents.

Representatives of restaurants and restaurant chains, of fast-food outlets, the Ontario Restaurant and Foodservices Association, the Ontario Caterers Association, the Canadian Automatic Merchandising Association, the Association of Canadian Franchisors, the Chinese Restaurant Association, the Confectionary Manufacturers Association of Canada, and others protested this move to include cheaper meals, candy, confectionary and snacks in the taxable items.

Other groups protesting against the sales tax extension included the Ontario Federation of Labour, the Social Planning and Research Council of Hamilton and District, and the Canadian Federation of Independent Business.

The Retail Council of Canada favoured extension of the tax base rather than an increase in the tax rate.

erally in favor of the expansion of the retail sales tax base.

The Canadian Organization of Small Business, generally pleased with the Budget, was concerned with the government's deficit and spending. Its major concern was the impact of the sales tax expansion on small business.

The C.D. Howe Institute generally regarded either the extension of the retail sales tax base or an increase in the rate as the best revenue options.

THE ACTUAL REACTION TO THE SALES TAX MOVE

After the tumult and the shouting had died, the real reaction to the sales tax expansion came from "the man in the street."

Ontarians have tightened their spending habits to such an extent that there has been a \$400 million increase in the government's budget deficit, now estimated at a record \$2.6 billion. A Treasury spokesman has blamed lower than expected revenues from the retail sales tax for the increase.

Government spending is still projected at \$22.7 billion, but its projected revenue has been revised downward to \$20.2 billion, and apart from \$170 million repaid to Ottawa due to a federal overpayment, the balance of the changed total is being attributed to lower revenues from sales tax.

Leader of the Opposition David Peterson, called the growing deficit "alarming", and said that financial analysts are asking some serious questions about the provincial economy.

Wage controls have wide support

Herald Special

A survey of 400 businesses in southern Ontario shows an overwhelming number in favor of the government limiting salary increases to public-sector employees.

The vast majority of the small and medium-sized businesses surveyed in this area also said they would support an across-the-board system of wage and price controls.

The survey, conducted in the past two weeks by the Better Business Bureau of Metropolitan Toronto, is the "first meaningful survey of small and medium-sized businesses on their opinion of wage and price controls," said Bureau president Paul Tuz.

The questions asked, including replies are:

1. Do you support recent measures taken by the federal government to limit salary increases of public-sector employees to six per cent?

Results: 88.96 per cent said "Yes."; 7.79 per cent said "No."; 3.25 per cent were undecided.

2. Would you support an across-the-board system of voluntary wage and price controls?

Results: 77.6 per cent said "Yes."; 17.3 per cent said "No."; 5.2 per cent were undecided.

3. Do you feel that legislated wage and price controls would be more

effective?

Results: 62.78 per cent said "Yes."; 32.69 per cent said "No."; 4.53 per cent were undecided.

"The firms surveyed were almost, without exception, Canadian-owned and consequently cannot be criticized as being influenced by foreign interests," said Mr. Tuz.

"I believe we have had a real message from the small and medium-sized businesses to government that they will stand firm behind any moves to limit wage and price controls, and to help get our ailing economy back on track."

Here is a sample of the additional comments made by the owners of the businesses surveyed:

"It is difficult in this small area to describe how slow the economy is; two years ago this month we had 16 employees. Now just eleven," a printing company said.

"Right to strike must be BANNED and replaced by the principle of negotiation, mediation and arbitration," a realty company said.

"Unions and all sectors of the three levels of government are responsible for inflation and lack of confidence in the economy...consumers have the money but not the confidence...an insulation company said.

"Due to inflation and

unreasonable mortgage rates, my business has dropped 75 per cent. I am forced to close down or risk bankruptcy,"...a landscaper said.

"Upper level government salaries should be frozen and even reduced and any price controls should apply to governments, municipal, provincial and federal. I feel that most inflation originates with government and unless it is controlled it will continue,"...a sewing centre owner said.

"We need action NOW. General wage and price controls are the only way to reduce inflation to a balanced and impartial way,"...a construction company president said.

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