

Political Forum

Ottawa Report

The federally-implemented GST in review

A woman from Caledon wrote me a letter last week, in an envelope crammed with cash register tapes and receipts.

"As we have the Conservative government to thank for the GST," she said, "I thought you would be the appropriate person to send this to, as you represent that government locally."

"Enclosed are receipts that we have kept and which show the 7% GST. It has been our experience that this 7% is in addition to the regular price. We have not noticed that prices have been lowered due to the removal of the manufacturers' tax."

"We would also like to know what purpose this extra revenue will be put by the government."

That's a fair question - and almost six months after the dreaded GST came into effect, it's probably a good time to review how things are going.

Politically, it was a disaster. The federal government dropped like a stone in the polls as the GST

was contemplated, and then finally - after three years of debate - implemented. I have no illusions that most people were afraid of the tax; and that there was considerable doubt about its effects.

You may recall that I set up a Halton-Peel tax committee to hold public meetings on the tax in this riding. And I sent every home a booklet explaining the proposed tax, and asking for your comments. Hundreds and hundreds of people took part in that process. And when I made my report to Michael Wilson this is what I recommended:

- Reduce the rate from the proposed 9%.

- Impose the GST on everything in the economy - no exemptions. That would allow the rate to fall to the 5% range, and would be fair and simple to administer.

- Apply any extra proceeds of the GST to paying down the deficit.

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- Combine the GST with the provincial sales tax, so businesses wouldn't have to collect twice.

Well, the rate was reduced - to 7% - but the federal government couldn't bring itself to put the GST on everything so the rate could fall and fairness rise.

And the Bob Rae government in Ontario has sworn that it would rather have a canary than harmonize its sales tax with the GST (the way they're doing it in Quebec and Saskatchewan).

But last February, Ottawa did agree that all the extra money the GST raised would go to the deficit. In fact, the feds are setting up a separate national bank account for just that purpose. It will simply not be possible for that money to be flushed away on some new spending program.

And how much money are we talking about here?

Last week Ottawa revealed that the GST had raised \$2.2 billion in the first three months of the year - or about \$400 million more than expected.

The government said this was probably a one-time event, because many companies sent in their GST before they actually had to.

But some of us think there's also been some price-gouging going on. Sure, some prices have fallen - it's a good time to buy a new car, for example. But others, as the woman who wrote me pointed out, have not - particularly in smaller stores. Large retailers made a point, during the

first weeks of the year, of advertising their GST savings. Companies like Canadian Tire and Shoppers Drug Mart and The Bay underlined the reductions.

But others, figuring everybody expected to pay 7% more for everything, just added it on and pocketed the difference.

This week I'm making it a point to question the finance minister about the extra GST money, and get it reaffirmed that every extra dime goes toward the deficit.

I don't like paying GST, either. But as a tax, it is far better than the one it replaced - making our businesses more competitive. The change may have had something to do with our trade with the U.S. increasing by several billion dollars over the past year.

But all that can seem very distant, when you're standing there in the store finding 21 cents for the GST. Just try to remember those pennies are helping us all buy back our indebted future.

Queen's Park Report

Two important Bills introduced by NDP

As you've probably heard, two important Bills were introduced last week at Queen's Park - the Retail Business Establishments Statute Law Amendment Act, 1991 and the Rent Control legislation.

The first will amend both the Retail Business Holidays Act (which governs Sunday shopping) and the Employment Standards Act (which sets our working conditions for Ontario employees). The Retail Business Holidays Act had been declared unconstitutional last summer. That ruling was then overturned by the Ontario Court of Appeal in March. The new regulations will give working people the protection of a common pause day in Ontario will still promoting our vital tourism industry. With the amendments to the Employment Standards Act, all holiday retail work will be voluntary and no worker will suffer by refusing to work on a holiday. There will be new powers to investigate complaints that employees may have about the new system. The amendments to the RBHA will

establish a "tourism exemption" to be administered by local municipalities. There will be consistent province-wide standards for the definition of a tourist area, putting an end to the current patchwork system of local rules. But once the provincial standards have been met, municipal councils will be able to decide which local tourist businesses can open on holidays. Following the second reading of the bill, the Standing Committee on Justice will conduct public hearings. In the meantime, I look forward to your comments on the proposed changes.

With the introduction of the new rent control legislation, we will finally have a system that will be workable for both tenants and landlords. If you're a tenant, the legislation will provide decent, affordable rental accommodation and protect you against high rent increases and poorly maintained buildings. Under rent control there will be



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two annual rent increase guidelines based on the inflationary increases in operating costs and an allowance for maintenance and repairs.

Landlords will be allowed to raise rents by up to the guideline without applying for approval. One guideline will apply to large buildings and another, higher guideline, will be for small buildings of under six units.

If you're a landlord of a small building, this is the first time that

your higher per-unit costs will be recognized. The legislation also places strict limits on the amount and the reasons for rent increases will be no more than three per cent above the guideline. The extra rent increases will only be allowed for significant increases in municipal taxes and utilities.

Additional rent increases for capital expenditures may be allowed too but only for work related to:

- maintaining the physical integrity of the building
- meeting health, safety and environmental standards

- maintaining plumbing, heating, mechanical, electrical, ventilation and air conditioning systems

- providing access for disabled people

- increasing energy conservation

Landlords applying for additional rent increases will have to prove that the work is necessary

and could not be financed through the annual guideline increase that sets aside two per cent of rents for repairs.

The legislation also includes stronger maintenance provisions and increased penalties. For instance, landlords will not receive any rent increases at all - not even the guideline increase - until they comply with all outstanding work orders against their building. Landlords and tenants will not have a right to a hearing to resolve rent disputes. And the rent registry will continue to provide important information to you about illegal and legal rents. And finally, because some of you had concerns about the need to stimulate construction, the law would exempt new rental buildings from rent control for a five-year period to help landlords "settle in" their rents.

Copies of the new booklet outlining the proposed rent control provisions are available in my constituency offices.

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Scavenger Hunt

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HERE'S HOW TO PLAY: WEEK TWO

Each week for a total of 5 weeks, there will be 10 different Olde Georgetown Place businesses featured in this space. You must visit each business and pick up a special "Scavenger Hunt Play Piece" to win. At the end of the Five Weeks you will have a total of 50 Pieces which you will submit with your name, address and phone number to enter a draw for the winner. Contest closes: Monday, July 8th at 6:00 p.m. Please drop off entries at one of the participating businesses. You must have 50 pieces to win. Photo copies are not acceptable.

CONTEST POSTPONED UNTIL AFTER PIONEER DAYS Contest will continue Wednesday, June 19/91.