

Sales tax cut produces mixed reactions

By Linda Kirby
The Ontario sales tax is scheduled to jump back up to seven per cent in October, following a six month period at four per cent.
For some local businesses, the prospect of the increased tax is not a happy one, but for others, the return to seven per cent is unlikely to affect sales, indicates a recent survey conducted by The Canadian Champion.
The tax cut was part of the federal budget introduced this spring, with the intention of prompting consumer spending and boosting sagging Canadian economy.
Those surveyed were divided on the question of the effectiveness of the government move. Concern was expressed however, about the timing of the jump back to seven per cent.
Ottawa agreed to pick up part of the tab for Queen's Park revenue losses, until October, and both levels of government now promise the provincial tax will return to its former level.
"The government has

picked the wrong time to put it back up," according to Morley Richardson, president of Richardson Chev-Olds.
"The economy needs stimulating particularly during the winter months, and I would much rather see it go up in spring," he added.
His car sales business has realized a 20 per cent increase during the six-month period, he said.
"We had forecast an increase in business, but the tax reduction did increase sales substantially."
Mr. Richardson based his opinion not only on sales figures, but also on comments from customers, he said. Many customers readily stated at purchase time, the three per cent saving convinced them to buy before the tax went up again.
The fact that the tax is due to rise back to seven per cent will be emphasized in fall advertising, said Mr. Richardson.
He expects to see another flurry of sales activity as customers buy to beat the

increase, which will also coincide with the introduction of the 1979 models.
Another Milton car dealer, Bill Gallinger, disagreed that a lowered sales tax has made for a better business.
"I really don't feel that there was that much change," noted the owner of Gallinger Mercury.
"Sure, some people took advantage of it, but there was no real fluctuation in sales, as a result."
He added he was not concerned about the tax increase, "it will be business just as usual." Besides, he added, the "country couldn't keep running at four per cent, if the government needed seven per cent over the last few years."
A three per cent sales tax reduction makes small difference to consumers buying everyday staple items, noted the manager of Home Hardware on Steeles Ave.
Despite a "substantial" increase in sales during the past few months, Al Kierman, store manager, is not in a hurry to attribute the in-

crease to the lower tax.
"People don't think too much about the sales tax for items under \$100," he said, and added that he could remember only one customer buying in the spring because of the reduction.
The item was an \$800 stove and the customer said he wanted to save the tax money by buying it now, said Mr. Kierman.
"You have to remember a hardware store is not selling luxury items, but staples—people need certain items and they buy them, despite sales tax going up or down."
He added there might have been a difference if the sales tax had been removed altogether.
"But there are more houses being built, more people coming into the town and businesses opening up."
He is not too concerned about sales falling after the

tax hike, although he feels many consumers will consider buying Christmas items early if they plan spending a lot of money.
One local company that is not looking forward to the fall hike is furniture dealer Peter Gignac, owner of Country Pete's Furniture Warehouse on Highway 25.
"We had a definite increase in May, June and July over the same time period last year," he said.
"I am concerned about what will happen with our fall business as the result of the return to seven per cent."
In furniture purchases of approximately \$3,000, the bonus of a sales tax cut does make a difference to customers, he stated.
"It really is nice having it at four per cent."
The furniture warehouse does nearly \$1,000,000 in business a year.

"I know mention to customers and in advertising, the fact that the tax is going back up, and people are responding to that."
"September should be a good month, because there will only be one month left before the increase," he added.
For retailers with smaller price ticket items, the cut did not prove to be an effective sales incentive to Canadian consumers.
Sales throughout Zeller's in Milton Mall have been "better" according to sales co-ordinator Edith Thornton, but she is quick to point out customers "still come out and buy, despite the tax."
"Personally, I feel four per cent is ample to pay, but there is also a lot of money around and people continue to come out and buy when they want something."
Similar views are shared

by Ron Brown, manager of Copeland Lumber, who did not notice too much difference in sales during the last few months.
"When the lower rate first came in, it might have been a factor, but it is not now."
"If people are building a new home, they build it—whether it is four per cent or seven," he stated, adding most customers have already made their plans.
Mr. Brown said he doubts if the increase will make "that much difference" when it resumes at seven per cent.
Clothing stores surveyed in Milton admitted customers do not realize sufficient savings in clothes to affect a change in this year's sales trends.
"The tax drop seemed to do nothing at all," stated Larry

Bates, manager of Jack Fraser's in Milton Mall.
"The government should have dropped the tax altogether—Sepaltogether—that definitely would have had an effect," he added.
He is expecting, however, a good sales month in September as customers become aware of the fact there is a small saving and begin shopping for winter clothes.
"It is certainly very hard to say how much it helped in sales," said Fred Bennett who helps run his wife's shop, "Peggy's" in Milton Mall.
"It does look as though it has helped, but I think the results will be better known in the fall, after the return to seven per cent," he added.
Bus Knight, owner of Bus Knight's Men's Wear on Main St., does feel the cut made a small difference in clothing sales in his shop.

"I think it does help—more people are conscious of it, and they get used to it being at four per cent."
"I just wish it would stay at four."
Despite the benefits of the tax incentive, it also costs retailers money to change their cash registers, he noted.
"We just get used to it, and it is changed again."

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Morrow blasts Liberals for criticizing region

Halton Regional Chairman Ric Morrow isn't impressed with a report on regional government prepared by a Task Force of Liberal M.P.s.
In a six-page brief sent to Liberal Leader Stuart Smith and regional chairmen around the province, Morrow takes a swipe at the task force for what he feels is an extremely biased report.
Morrow said the report was based on statements made at hearings of the Task Force around the province. He claims the widespread dissatisfaction with regional government the Liberals claim to have found is not representative of the general public.
Morrow said he was disappointed the Liberals never analysed the way regional government worked, but rather based a report on criticisms made by people at the meetings.
"It is unlikely, however, that a representative sample of the public would have attended the hearings, as the composition of the Task Force was hardly conducive to attracting a large proportion of the public to its meetings," Morrow said.
Morrow said the task force was wrong when it suggested that rural people resented their amalgamation with urban areas.
"In Halton, rural and urban areas functioned harmoniously within and as part of a county long before the inception of regional government," Morrow argued.
"People's interests and concerns are no longer localized as they were at one time in history, and the concept of the self-contained town or village has diminished. Halton's rural residents do not cling to a romantic notion of self-sufficiency and realize benefits to be derived from residing in a region that combines the convenience of urban services with the pleasures of rural living," Morrow says.
Morrow says criticism of the regions' spending record isn't justified. "The group failed to recognize that in Halton particularly, regional facilities are often merely a replacement of former



RIC MORROW says the region does work well.

Morrow said in his brief that representation has not been a problem in Halton.
"Unlike the finds claimed by the Task Force, representation on regional council has not been raised as a source of dissatisfaction by residents or by councillors in Halton. The distribution of council seats among the area municipalities provides a balance between urban and rural interests and has functioned smoothly in the four years since the region's creation," Morrow said.
The task force released its report at the end of June and identified five problems with the present system:
1) absence of community of interest necessary for the combination of urban and rural areas;
2) more costly but less efficient services because of added bureaucracy and over-serving;
3) distorted representation on regional council;
4) remoteness of government and loss of accountability to the public involved;
5) and ineffective land use planning.

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