

HST tax grab betrays public

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More than two weeks after the government announced a new tax blending the provincial sales tax with the federal goods and services tax, the firestorm shows no sign of cooling.

Nor should it. The imposition of the harmonized sales tax will mean additional costs for most consumers.

And the way the tax was introduced has raised serious questions about the way our government works.

It is no wonder the new tax has been condemned by many businesses and an Ipsos Reid poll showed 85 per cent of British Columbians are against it, with seven of 10 reporting they are "strongly opposed" to it.

The 12 per cent HST will cover hundreds of items that are now exempt from the provincial seven per cent tax. The list includes residential fuels and heat, cable and telephone service, non-prescription medications, bicycles, school supplies, work-related safety equipment, repairs and maintenance to households and appliances, professional services, airline fares and more. Even funeral services will come under the HST.

On all of those exempt items, the HST will result in a seven per cent tax increase next July 1. That's a huge tax grab by a government that has claimed it is against higher taxes.

Back in 2001, when the Liberal government dropped income and business tax rates within hours of being sworn in, Premier Gordon Campbell said that reduced tax bills would help to stimulate the economy. Eight years and two elections later, the tune has changed -- because now, Finance Minister Colin Hansen says the HST is "the single biggest thing we can do to stimulate the economy."

Hansen's argument is based on the notion that businesses will pay \$1.9 billion less in taxes because they will be able to claim back the tax they pay. In theory, this will result in lower prices, and consumers will benefit. We will need to see what happens on that point.

In the short term, however, the government is lifting money from the wallets of individuals, and handing that money to business interests.

A sales tax is efficient, in that it is hard to cheat. But it is also regressive, as lower-income individuals pay the same rate as those in the higher income brackets. The tax shifts more of the burden onto those less able to pay.

Hansen swears the tax was not on the radar during

the election campaign and the announcement two weeks ago was based on discussions held since the May 12 vote.

That is disturbing, and not just because the premier specifically said before the election that his government would not introduce the HST.

It defies belief to believe the tax went from nowhere to announcement in less than 10 weeks. We are left with two choices: Either the government was working on it before May 12, or it rushed the tax in with little preparation. Either way, the province loses -- and the credibility of elected officials takes another body blow.

Voters were misled about the tax increases. The government has admitted that the \$495-million deficit called for in its budget will actually be much higher, despite campaign claims that the number was firm.

And the Liberals didn't mention coming cuts to programs and grants during the campaign; in fact, they did what they could to ensure the information did not get out.

The province will get \$1.6 billion from the federal government as an incentive to make the tax switch, money that will help it come closer to

balancing its own books.

All that said, the arrival of the HST is more evidence that our political system is ailing.

In February, Hansen delivered a budget that was so heavy on optimism that it was challenged almost immediately. It took the minister several months -- until safely after the election -- to admit that the critics were right.

During the campaign, the Liberals said they were against the HST and did not talk about the impact of the severe economic downturn. Their election platform, which does not mention the new tax, must be dismissed as irrelevant and inaccurate.

So we can't believe the budget, and we can't believe the election platform. Could it get worse than this?

Well, yes. As annoying as it was that the public was not consulted about the HST, the government made a mockery of the democratic process by announcing the tax increases, without any consultation, when the legislature was not sitting. Why do we have all those MLAs, anyway? Why did we have an election, if the only purpose was to choose some people who will have no say in how the government is run?

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