

B.C. restaurants seek HST relief

Mitigation 'could be in the budget'

By CINDY CHAN
Epoch Times Staff

Restaurant owners urging the B.C. government to protect their industry can look to the upcoming provincial budget as the next opportunity to find out whether they will have any relief from the harmonized sales tax slated to take effect on July 1.

Harmonization will mean that customers used to paying 5 percent goods and services tax but not the 7 percent provincial sales tax on restaurant meals will have to pay 12 percent HST on the same meals.

"We believe that the industry will lose maybe 7 percent of its sales at least in the first year. It's about a \$10 billion industry with close to 180,000 workers. Our prediction is that we could lose from 8,000 to 10,000 jobs as business slows down," said Ian Tostenson, president and CEO of the B.C. Restaurant & Foodservices Association.

The industry has asked the government for an exemption from the 7 percent new meal tax.

"We've also said in the alternative they may want to consider staging the tax for three years in recognition of the consumer," Mr. Tostenson said.

Graham Currie, communications director for the B.C. Ministry of Finance, says Finance Minister Colin Hansen has already said no to an exemption but is open to considering mitigation.

"If there is going to be any mitigation measures, it could be in the budget on March 2," Mr. Currie said.

According to a survey commissioned last year by the Canadian

Restaurant and Foodservices Association (CRFA), 64 percent of B.C. consumers favour the exemption.

'When you tax something like a restaurant meal, which is somewhat discretionary, you end up with business going down.'

— Ian Tostenson

The survey also found that 81 percent think it's unfair to implement a tax that will hurt some workers and businesses without doing something to help those shouldering the greatest impact.

It is also unfair because, except for ready-to-eat food, all other food purchased from the industry's closest competitors—grocery stores and supermarkets—will remain tax free, said Mark von Schellwitz, Western Canada vice president of CRFA.

Mr. von Schellwitz said over 90 percent of CFRA members believe the new tax will cause a loss in sales—a loss that will mean nearly \$50,000 a year for the average restaurant if sales decline 7.5 percent.

In addition, he said, "71 percent of our members believe this will result in fewer hours and lost jobs for their staff, and 6 percent said this could



Pedestrians walk past restaurants on Granville Street in downtown Vancouver, British Columbia, on Feb. 7, 2009. When the harmonized sales tax take effect in B.C. on July 1, 2010, customers will pay 12 percent HST on restaurant meals rather than the 5 percent GST they now pay. DON EMMERT/AFP/GETTY IMAGES

cause them to go out of business."

The industry is not disputing the general efficiency of the HST, said Mr. Tostenson. "What we don't agree on is, as you get to the long-term benefits, how do you protect industry from undue harm?"

As well as simplifying the system and lowering administration costs, sales tax harmonization will allow businesses to claim Input Tax Credits (ITCs) on eligible expenses. The theory is that, to remain competitive, businesses will pass on the cost savings to consumers as lower prices.

However, not all expenses are ITC eligible. Capital-intensive industries such as manufacturers will be able to claim ITCs for machinery, equipment, and other inputs that make up a large proportion of their expenses.

Labour-intensive industries like restaurants are in a different boat. While payroll comprises a large proportion of their ex-

penses, labour is ineligible for the ITC.

The HST was announced last July 23. The B.C. Liberals, who won the provincial election last spring, said during the election that they had no plans to adopt the tax.

Mr. Currie said the HST wasn't considered until after the election. "The minister has said his door is open and he is quite willing to talk to [industry]," he added.

But Mr. Tostenson said it was because industry was getting very frustrated with the lack of progress with government to find a solution that it launched its nomealtax.ca campaign last December.

Over 175,200 people have voted no to the new meal tax on the website, and petitions are available at restaurants throughout B.C.

On July 1, Ontario will also introduce a federally administered HST. The 13 percent blended tax

will combine the 5 percent GST with Ontario's 8 percent PST.

The difference is that Ontario has had 8 percent PST for years, so the HST won't affect restaurants there very much, whereas B.C. has never had PST on restaurant meals, Mr. Tostenson said.

On Jan. 14, B.C. announced HST rebates to qualifying schools and hospitals.

This tax relief was in addition to an increase in the maximum value of new homes eligible for a rebate, announced last November, along with rebates listed in last July's HST announcement which included fuel at the pumps, books, children's clothing, municipalities, and charities.

"When you tax something like a restaurant meal, which is somewhat discretionary, you end up with business going down," said Mr. Tostenson. "We're not opposed to the HST as a tax, but more [concerned about] how to mitigate the impacts for affected industries."



Prime Minister Stephen Harper (L) speaks during a news conference about last week's earthquake in Haiti, at the Lester B. Pearson Building in Ottawa January 23, 2010. CHRIS WATTIE / REUTERS

Earthquake demands responsible aid

QUAKE CONTINUED FROM P1

That was before the quake levelled virtually every government building, effectively destroying the government and casting the population of the capital, Port-au-Prince, onto the streets. So thorough was the destruction of the 7.0-magnitude quake that a 5.9-magnitude aftershock on Jan. 20 caused little further damage and no casualties because most people were sleeping in the open.

The United States and Canada have been the two largest donors to Haiti and will likely continue to be so during reconstruction efforts. But large amounts of aid have previously done little to help in the face of widespread government corruption. Canada has been the second largest aid donor there after the U.S. and Haiti is Canada's second highest aid destination after Afghanistan.

Canada is perhaps most concerned with Haiti and has led efforts to help the country in the wake of this latest devastation. Prime Minister Stephen Harper's Conservative government has been lauded for its quick response to the crisis. Last weekend in Montreal, Canada hosted an emergency meeting of foreign ministers from around the world to discuss what to do in Haiti.

Finance Minister Jim Flaherty has announced that Canada will be calling on G7 finance ministers at the meeting in Iqaluit Feb. 5 and 6 to forgive the country's debt. Canada already gives its aid to Haiti in the form of grants rather than loans.

Before the quake hit, 80 percent of Haiti's population lived under the poverty line with over 50 percent in abject poverty, and according to UNICEF, nearly half of Haiti's population of 10 million are children, many now orphaned.

A plane carrying 52 Haitian children arrived in Ottawa Wednesday for fast-tracked adoptions. They are the second such group to arrive. Canada is also fast-tracking refugee and immigration applications.

There is no arguing Haiti's desperate need for assistance. Over 2 million people live within the zone of heavy to moderate structural damage. With a total population of 10 million, that means a fifth of the population is within the devastation. In Canada, it would be equivalent to losing the Greater Toronto Area.

Last weekend's emergency meeting, the attendees did not come up with figures for aid but some observers, including the president of neighbouring Dominican Republic, place costs at \$10 billion over 5 years. Prime Minister Stephen Harper has said that 10 years of hard work in Haiti is not an exaggeration.

But with Haiti's rampant corruption, the thought of sending billions to rebuild the country has raised concerns about how effective that money will be.

Between 1990 and 2002, Haiti received \$4 billion from Canada and the U.S., but the average Haitian saw little benefit.

Both governments have long been aware of corruption, oppression, political assassinations, and general turmoil there. Some commentators have compared previous aid to putting a band-aid on a broken leg.

Haitians themselves seem to have little faith the government will help, and business people and refugees alike have been saying money will simply flow into the pockets of corrupt officials.

With such devastation, it would be irresponsible for aid donors to squander taxpayers' money on ineffective reconstruction efforts. If nations are going to commit to helping Haiti get back on its feet, that broken leg better be put in a cast to make sure the country can stand strong after the billions are spent.

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Rallies condemn H.K. visa denials leading to cancelled Shen Yun shows

VISA CONTINUED FROM P1

The shows were scheduled to play at the Hong Kong Academy for Performing Arts' Lyric Theatre Jan. 27-31. But on Jan. 21, Hong Kong's Immigration Department denied entry visas to seven core members of the production team.

"The reason given by Hong Kong immigration is that these production jobs could be filled locally," the statement said.

Shen Yun is a New York-based company that has been reviving China's artistic traditions and spiritual heritage that were almost wiped out after the current communist regime took power in China.

It was the first time that Shen Yun, which is currently on a 20-country world tour, would have brought its show to Hong Kong. All seven scheduled shows were sold out about a week after tickets became available.

"It is a very, very sad day for the residents of Hong Kong. They have been known around the world as believers in the rule of law and democracy and respect for people. This decision to deny the visas shows that it's the party state in Beijing that is running the affairs in Hong Kong," said David Kilgour, a former MP and Secretary of State for Asia-Pacific.

"I have been to Hong Kong many times and have met with the officials of the government of Hong Kong, and I suspect that most of them are as dismayed about this decision as are most of the people who have heard of it around the world. It's appalling."



Protesters gather at the Hong Kong Economic And Trade Office in Toronto on Monday. MATTHEW LITTLE / THE EPOCH TIMES

Show organizers in various countries say the Chinese regime has for years tried to interfere with the group's performances by pressuring officials not to attend and pressuring theatres to cancel scheduled shows.

Shen Yun's performances showcase classical Chinese dance and music along with a full orchestra that combines Chinese and Western instruments. The production portrays ancient legends as well as contemporary events, including artistic representations of Chinese citizens standing up against persecution. Performances around the world have been marked by sold-out shows, standing ovations, and multiple curtain calls.

Mr. Kilgour and David Matas, a Winnipeg-based international human rights lawyer and Order of Canada recipient, sent a joint letter to Hong Kong's chief executive Donald Tsang on Jan. 26 asking him to reverse the decision so that the shows can be rescheduled.

"The visa denials were, in our view, the result of an attempt to cater to the wishes of the regime," the letter said.

It noted that the denials violate the freedom of the Hong Kong people and throw into question the principle of "one country two systems" that forms the basis of Hong Kong's status in China.

"Hong Kong should not be part of Chinese repression of innocence," said Mr. Matas in an interview.

While the show represents "a continuity with the old China and a celebration and remembrance of it, the communists in China tend to look askance at ancient Chinese traditions and they often see themselves as breaking away from them."

Maggie Hou, who attended the Ottawa rally, recently came to Canada from China. As a human rights defender she says life was difficult in China. She is now a University of Ottawa visiting professor teaching a course on the state of human rights in China.

"The Hong Kong Government, to a certain extent, has become a puppet of the Chinese Communist Party. We condemn what the Hong Kong Government has done to the group, and also hope that they will make reparations," she said in Chinese.

Speaking in Vancouver on Wednesday, NDP MP Peter Julian said the issue raises concerns about "what it means for the future of the free expression in Hong Kong."

"That a show like this received a lot of support from the public—that's why it sold out, and so to keep the commitment around 'one country two systems' these kinds of events should go ahead, and it's important for the Chinese government to recognize that."

A protest was also held at the Hong Kong Economic And Trade Office in Toronto on Monday.



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