

Tobacco companies pay \$550 million for smuggling operations

Health group condemns fines and settlement as slap on wrist

By **MATTHEW LITTLE**
Epoch Times Staff

TORONTO—While the government is touting the \$550 million it will get from tobacco companies for tobacco they smuggled into Canada to avoid taxes, the health association that pushed for the suit is calling it a “sell out.”

The suit and prosecutions arose over tobacco smuggling in the early 1990s that the Non-Smokers' Rights Association calls “the largest and most destructive fraud in the history of Canadian business and public health.”

Garfield Mahood, executive director of the group, says the \$550 million that the federal and provincial governments got from the tobacco companies is a tiny fraction—6 cents on the dollar—of the \$10 billion they originally filed for.

But the government says closing the deal will allow it to focus on current efforts to stop smuggling.

Under the settlements, R.J. Reynolds Tobacco Co., maker of Camel, Kool, Export A and others, will pay a \$325 million settlement; JTI-Macdonald Corp, maker of Benson & Hedges and Camel cigarettes sold outside the U.S., will pay a \$150 million fine; and Northern Brands International, a subsidiary of R.J. Reynolds, will pay a \$75 million fine.

JTI-Macdonald also pleaded guilty in the Ontario Court of Justice to a single count of “aiding persons to be in possession of tobacco not packaged in accordance with the Excise Act,” while Northern Brands International Inc., a company related to RJR, pleaded guilty to a conspiracy offence under the Criminal Code.

Keith Ashfield, Minister of National Revenue, and Denis Lebel, Minister of State for the Economic Development Agency of Canada for the Regions of Quebec, announced the settlements on Tuesday.

“Our government is actively working to make sure that companies in Canada do not profit from illegal activity,” said Ashfield.

“The settlement agreements bring closure to issues that have been outstanding for more than a decade so that governments can focus on tobacco tax compliance and contraband tobacco.”

The settlement also requires JTI-Macdonald, a Canadian tobacco manufacturer, to assist governments in the battle against contraband tobacco.

High tobacco taxes sparked the wave of cigarette smuggling in the 90s through native reserves along the U.S.-Canada border. Stan Smith was vice-president of sales for the former RJR-MacDonald at the time and pleaded guilty in 2006 to overseeing a conspiracy to smuggle cigarettes into Canada, defrauding the government of over \$1 billion in revenue.

He was sentenced to eight months of house arrest for his role in the conspiracy.



The 12- by 12-foot Cappuccino home designed by James Stuart, founder of Nanaimo-based Twelve Cubed Homes. JAMES STUART

Cubed micro home: Green, affordable and very cosy

Tiny house takes compact living to a whole new level

By **JOAN DELANEY**
Epoch Times Staff

It was while sitting in a bar talking with some friends about a homeless woman in Vancouver who burned to death after attempting to keep warm by candlelight that James Stuart first hit on his idea.

“I just got mad about it,” he says. “I thought, ‘Canada’s the most affluent country in the world, Vancouver’s one of the nicest places in the country to live. The fact that some poor woman who is homeless is forced to try to keep herself warm with a candle is disgusting.’”

The 46-year-old Nanaimo resident made a few doodles on a napkin in the bar that night—doodles that eventually led to the design for two tiny homes that will go on the market in mid-June: the Cappuccino, measuring 12 cubic feet, and the Pure at 10- by 10- by 12.5-feet.

Although extremely compact, Stuart’s cube homes feature plenty of natural light and accommodate a living area, kitchen, bathroom, bedroom, and storage. The Cappuccino houses two people. Both

units have a couch that can convert to a spare bed.

Making use of a unique movable floor system, the units come with two floors of living space beneath a 12-foot-high roof.

“The best way to describe it is we’ve got four fixed points inside it,” says Stuart.

“Instead of having a Murphy bed which keeps moving, a kitchen that has to be folded or put away or a bathroom that moves or the office area that moves, all four points are fixed, they don’t move. What moves is the floor in between, which is what gives you the ability to cram so much into such a small space.”

But Stuart, the founder of Nanaimo-based Twelve Cubed Homes, says he first needed to prove that living in such a small space was possible, so he moved into a 12- by 12-foot pilot home in order to do a six-month test.

“I went from 3,500 square feet to 1,900 cubic feet, so it was quite an experience when Canadian winter is not exactly the most salubrious part of the year. But we had to prove it could be done. It took a little bit of an adjustment to go from a regular-sized space to a smaller one, but now the weather’s nice and it’s very pleasant.”

His friends, however, doubted that living in the micro house could be done successfully, so Stuart made a wager with them. On May 1, when the six-month trial period is up, he stands to collect about \$2,800.

“We were trying for five grand, but I don’t think we’re going to hit it,” he says, adding that he will donate the money to the Salvation Army.

A self-described dabbler who did a stint in the British army, Stuart says his cubed designs—which are the smallest complete homes on the market that meet the building code—have been attracting wide attention.

“We’ve had provincial, federal, and municipal governments looking at it,” he says. “All sorts of people—a lot of people are looking for a suite for a house but don’t actually want to have people in the house. So there’s a huge cross-section of people looking at the unit.”

The pilots are already built, and the company has partnered with Pheasant Hill Homes which is currently building a show home.

“The show unit is built using six what’s called structurally-insulated-panels, so it will come out in a big box essentially, and the purchaser will be able to put it together themselves or have us erect it for them on-site,” he says.

“We’ve also signed a deal with one of the big realty companies now; they’re going to be doing all the marketing for it.”

The units contain no particle board and are designed to meet LEED standards, the highest criteria in Canada for green building. To offset connection fees, the company also offers a solar model.

The Twelve Cubed is priced at \$24,500, making it far cheaper



The Twelve Cubed bedroom. JAMES STUART



The Twelve Cubed kitchen. JAMES STUART

Work-sharing program extended by a year

By **JOAN DELANEY**
Epoch Times Staff

The government is extending enhancements to the work-sharing program to enable employees to continue working while companies experience a temporary slowdown due to the recession.

The Honourable Diane Finley, Minister of Human Resources and Skills Development, says the program was extended because although the economy is improving, many companies still face uncertainty.

“We’re extending this program because we are expecting that there will be companies and employees who will be able to take advantage of it and preserve their companies,” she said.

“We knew that the recession is continuing; we are in recovery mode, but it’s still fragile. We wanted to continue to protect jobs and that’s why we extended it to the end of the Economic Action Plan.”

For new agreements that start on or after April 4, 2010, the maximum initial duration is 26 weeks, with a possible extension of up to 38 weeks. The new measures also include an extension of up to 26 weeks (to a maximum of 78 weeks) for employers with active or recently terminated work-sharing agreements.

The enhancements to the program, which has been in place since 1977, will end on April 2, 2011.

“Thanks to support from the work-sharing program, I feel good about our future.”

— Glenn Hanthorn

Work-sharing enables employers to retain workers during a lean period, thereby avoiding layoffs and expensive re-hiring and re-training costs. Employees are able to continue working and keep their skills up to date.

“It works well for everyone,” says Finley. “And in many cases we’ve also been told that by going to work-sharing, companies were able to prevent going out of business forever. It’s a wonderfully successful program.”

Since February 2009, the program has helped protect the jobs of more than 255,000 Canadians, says Finley. As of March 28, 2010, there were about 5,500 active work-sharing agreements nationally benefiting close to 135,000 participants.

One of those was Mississauga-based Mascot Truck Parts, which recently resumed normal operations after using the program.

“Thanks to support from the work-sharing program, I feel good about our future,” Glenn Hanthorn, president of Mascot Truck Parts, said in a press release. “Work-sharing has allowed us to avoid layoffs and retain our trained and experienced staff, giving us a competitive head start now that the economy is recovering.”

In Ontario, Canada’s manufacturing hub, “the demand was so great we set up a special processing centre dedicated just to work-sharing agreements and setting them up,” says Finley.

Michelin Canada signed a Work-Sharing agreement for its Waterville, Nova Scotia, facility in the spring of 2009 to cover more than 500 employees for a 34-week period.

Since transitioning off the program, Michelin has lifted its hiring freeze, hiring 40 new employees for its plants across Nova Scotia, and intends to hire more people to replace the positions left vacant due to the freeze.

To qualify for work-sharing, employers must have been in business in Canada for at least two years and be able to show that the need for reduced hours is temporary and unavoidable. Employees must be willing to work a reduced work week while their company recovers.

Finley says that in order to get the word out about the availability of the program, her department has worked with the various chambers of commerce and the Canadian Federation of Independent Business, among others.

“We do want to make sure that anybody who is contemplating layoffs is aware that this could be a really good alternative for them.”

Vander Zalm mobilizes anti-HST battle across B.C.

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By then the well-organized machine already had leaders and volunteer teams working in every one of B.C.’s ridings, holding rallies in areas previously visited by Vander Zalm, setting up petition signing centres and going door knocking, all while recruiting more volunteers along the way.

On the first day in Fort St. John, more than half the required signatures, 1820 in total, were collected. Donations are also starting to pour in, including from businesses that are beginning to realize that the HST could negatively affect their bottom line, Delaney said.

The tax, which combines the GST with the PST, will be applied to everything the GST covered, including hundreds of items previously exempt from the PST such as restaurant meals, new homes, taxi fares, admission fees, energy bills, and cable.

There lies the rub for British Columbians, who are already paying yearly increasing gas prices thanks to Canada’s only carbon tax. An Ipsos Reid poll last summer found that 85 percent of B.C. residents oppose the HST, with 71 percent strongly opposed.

Recognizing that the hardest hit will be lower income families and individuals and seniors living on a fixed income, the province is offering rebates to these groups. New

homebuyers will also get a rebate, as will energy bills. The government says the HST will save taxes for businesses, resulting in more investment and jobs for British Columbians.

Restaurant owners are seeking an exemption from the tax because the extra 7 percent could come directly from their bottom line, according to Ian Tostenson, president and CEO of the B.C. Restaurant and Foodservices Association.

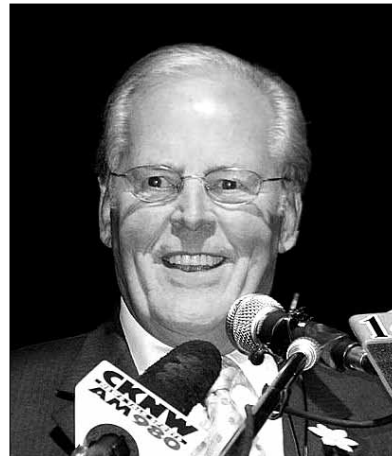
Initially looking for a concession during the budget earlier this year but not getting one, the association has launched its own petition which has so far received over 200,000 signatures.

If the Fight HST campaign succeeds and the petition is deemed valid by Elections B.C., the government would be forced to either introduce legislation into the house repealing the tax, or put the issue to a province-wide referendum.

James Lawson, a professor of political science at the University of Victoria, says aiming for a referendum might be a long shot because in Canada, referenda are actually plebiscites, and plebiscites are non-binding on the government.

“When the referendum process was set up it was always intended that it would be difficult to win with it,” he says.

He’s also doubtful that the HST,



Former B.C. premier Bill Vander Zalm.

which its supporters and the B.C. Liberals are regarding as a “done deal,” can be stopped at this stage.

“I think it’s designed to be a one-way change,” he says, adding however that the campaign could “impose so much pain” on the government that it changes course.

“In a political sense when enough counter-pressure is raised against a project—even if it’s mechanically plausible to go ahead—people in authority know that they will pay a price, and if the price seems to get higher and higher there comes a time when you just back off.”

New Democrat leader Carole James, also a strong opponent of the tax, is reported by CBC News to be working both with

petitions and within the House to sway Liberal MLAs who may be worried about their prospects of getting re-elected should such an unpopular tax go ahead.

Delaney says the insistence that the HST is a done deal is simply a ploy to dissuade people from bothering to oppose it.

“Anything a government can enact it can also repeal—there’s nothing carved in stone. It’s not a constitutional thing that requires the approval of 10 provinces or something—it’s just simple legislation.”

Even if the required number of signatures is collected, the government could simply introduce the anti-HST bill into the house, call it to vote, and the Liberal majority could squash it on the spot without debate.

In that case, says Delaney, recalls will be initiated in certain ridings. The Recall Act kicks in 18 months after an election, making it November 2010 that the process could begin.

“If we’ve got 8,000 or 10,000 volunteers at that point in our database, we can then mobilize very quickly a large army of people to go into select ridings and target certain MLAs for recalls and basically fire them for voting against the people.”

“And we may not even have to recall that many MLAs,” he adds. “Maybe just recall the Premier.”

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