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Date	2009	VIA FACSIMILE		Priority
TO	Addressee UBCIC Executive			Fax No. 250-828-0319
RE	Subject Response to Letter Regarding HST, received Dec 2nd, 2009			Number of Pages (including cover) 3
FROM	Sender Crystal Gillis, on Behalf of Dr. Keith Martin, MP	Telephone No. 613 996 2625	Facsimile No. 613 996 9779	

Please find attached a response from Dr. Martin to your letter of December 2nd, 2009.

Cheers,
Crystal Gillis

IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL SENDER

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Dr. Keith Martin, M.D., P.C., M.P.

M.P. for Esquimalt—Juan de Fuca

January 18th, 2010

Union of British Columbia Indian Chiefs
345 Yellowhead Highway
Kamloops, BC V2H 1H1
Via Fax: (250) 828-0319

Dear Grand Chief Phillip and Members of the Executive,

Thank you for your letter regarding the Harmonized Sales Tax (HST), sent via fax on December 2nd, 2009. I appreciate you taking the time to write to me on this issue, and I apologize for the delay in responding to your letter.

I opposed the HST in its current form. As I argued in an op-ed I wrote when this was first released, the Conservative government could have worked with provincial governments to mitigate the negative effects of the HST by, for example, ensuring that the HST is applied only to those products that were previously subject to both the PST and GST and that the tax be dropped two points. I am disappointed the government chose to ignore logical solutions and that it did not engage in wide-ranging consultations with First Nations, businesses and consumers to identify ways to reduce any harm the HST will inflict upon our citizens and businesses.

Please see the attached op-ed with the plan I introduced that would have reduced the HST's negative effects. You might also wish to visit my website www.gokeith.ca to view several television interviews I gave on this topic.

Thank you again for writing to me.

Sincerely,

Dr. Keith Martin

Enclosure





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How B.C. can reduce pain from HST

For starters it should apply only to products subject to both PST and GST
By Dr. Keith Martin, MP

The announcement that on July 1, 2010, BC's provincial sales tax (PST) will be merged with the federal goods and services tax (GST), was a bolt out of the blue. This 7% tax increase on everything that was previously exempt from PST was anticipated by no one. A partial list of the goods and services affected by this tax increase includes: restaurant meals, tourism services, residential heating, food products (basic groceries will continue to be exempt), prescription medications, vitamins and dietary supplements, bicycles, many school supplies, magazines and newspapers, energy conservation equipment, and airline fares to name but a few.

The timing and execution of this tax has been terrible as it

will hurt our tourism, home building, and restaurant sectors, and exacerbate the job losses they have already endured during the recent economic downturn. In fact, the Restaurant and Food Services Association estimates that the HST will cost their industry a staggering \$750 million a year. Tourism, a major economic driver in BC, will also be hit hard.

The benefits of the HST include a decrease in the cost to produce certain goods, which could lower the price of these goods to consumers, a reduced administrative burden and a potential increase in investment into BC.

Other provinces have adopted an HST, but they took a different course than BC's. Atlantic Canada did this in



Tourism, a major driver of Victoria's economy, could be hurt with the HST

1997, however, they also reduced their HST from 19% to 15% (it is now 13%). There was also extensive consultations with various groups in the region to mitigate the negative effects of the tax on their industries. In BC this has not happened.

A major impetus behind this headlong rush to implement the HST is the silent hand behind this decision. It belongs to the federal govern-

ment which has offered a \$1.6 billion carrot to the province if they adopt this tax. This is an irresistible incentive to our provincial government as it has just predicted multibillion dollar budgetary deficits in the years to come.

But this incentive will only have a one time, short-term benefit, in contrast to the long-term structural effects the tax will have on many of the province's major economic drivers.

There are, however, things that can be done to clear the air and ensure that consumers and businesses attain the maximum benefits from a HST without the negatives.

To do this, the following should be done:

1. Apply the HST only to those products that previously were subject to both the PST and GST. This would not add any new taxes to products that previously were PST exempt, especially those that are essential to people's lives, e.g. medical products, home heating, food, etc.
2. Drop the HST from 12% to 10%.
3. Implement a more effective, streamlined, and efficient tax reporting process that will reduce the enormous administrative burden on businesses.
4. Engage in a wide ranging consultation process with businesses and consumers to identify ways to reduce any harm the HST may inflict upon them.
5. Importantly, Prime Minister Harper should assure Premier Campbell that he will not withdraw the \$1.6-billion incentive package the feds offered to our province to

accept an HST. This will give the province time to consult widely and implement solutions that will reduce any harm the tax will inflict on our citizens.

There is a saying in medicine, "Do no harm". This should be applied to politics too and the HST is a good place to start applying this dictum. We must not introduce a HST that could hurt our citizens and our business community. Most jobs exist in the private sector and to harm them, particularly during this economic downturn, will exacerbate our unemployment levels. Initiatives to mitigate the damaging effects of the HST and enhance its benefits for both the consumer and businesses must be implemented quickly for the sake of our province and its citizens.

- Dr. Keith Martin is the Member of Parliament for Esquimalt—Juan de Fuca

Please visit www.KeithMartin.org for more information on our initiatives.