

B.C. rejection of HST won't hit Ontario Liberals too hard, experts say

BY LEE GREENBERG, THE OTTAWA CITIZEN AUGUST 26, 2011

While B.C.'s rejection of the hated harmonized sales tax will prove annoying to Ontario's Liberal government, it won't sink the Grits in next month's election campaign, experts say.

That's because neither of the two major parties seeking to unseat the Liberals are offering to scrap the HST.

"The harmonized sales tax is going to rain on the government's parade," says Greg Lyle, managing director with polling firm Innovative Research Group. "There will be people who say it has an impact. But unless someone's got a policy to wedge the government on it, I don't think (it will change the campaign)."

Both Tories and New Democrats have railed against the tax since well before its implementation in July 2010.

Neither party has vowed to scrap the tax, however. Instead, they are promising to remove the 8-per-cent provincial portion (the remaining five per cent is federal) from select items, such as hydro and home heating bills. New Democrats will go one step further and remove it from gasoline. They peg the cost to the provincial treasury for all three moves at \$1 billion annually.

"Nobody in the non-government parties decided to make it a "referendum" ballot to remove it," said John Wright, senior vice-president of Ipsos Reid. "Instead, they have positioned (their policy) as more of a selective discount."

The tax, which raised the cost of roughly one in five items by eight per cent, was accompanied by billions of federal dollars designed to ease the pain of higher prices. The money was then sent out to taxpayers in three cheques totaling as much as \$1,000 per family.

That money would need to be repaid to the federal government if the tax were scrapped — due to a \$4.3 billion 'poison pill' clause negotiated by the Liberal government.

Still, in light of B.C.'s referendum results, both opposition parties are likely to look at the tax as a missed opportunity, says Lyle.

"It'd be really popular if somebody said they were going to get rid of it," he said. "But I don't think that's going to happen."

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