

HST could cost Atlantic schools millions

By DAVID COCHRANE AND MICHAEL CONNORS

(CUP) — A new harmonized sales tax could end up costing Atlantic Canadian universities millions of dollars in extra taxes.

Starting next month the new HST will combine the GST and provincial sales taxes in Newfoundland, Nova Scotia and New Brunswick into a single 15-per-cent tax. Prices for many items will fall, but the new tax is much broader and will increase the cost of universities' heat and light bills, and capital expenditures.

"We have to talk to the provincial government about a significant increase in the university's costs," said Art May, president of Memorial Univer-

sity of Newfoundland. He says the new tax could cost Memorial \$800,000 a year.

"That's the same as cutting the budget."

A recent study on the effects of the HST on universities done by KPMG, a Nova Scotia based consulting firm, concluded increases in electricity and heat will be countered by other tax exemptions.

"The decision to remove the tax from books and periodicals balances it out," said Ian Fraser, who was part of the KPMG study. "But there will be a significant negative effect on the capital side."

The capital tax increase means it will cost schools more money to build new buildings or renovate old ones and this is bad news for several universi-

ties.

Next year Memorial University plans to begin construction of a new university centre and an athletics building at a total cost of \$25-million. Dalhousie University will start a new \$12-million arts building, while St. Mary's University will build an \$18-million business school.

The new tax scheme means these projects combined will cost \$8.25-million in taxes.

"The net effect on us will be negative and it will cost us more money," said Guy Noel, a St. Mary's vice-president.

Noel said St. Mary's will have to shift its budget around to cope with the new tax structure, but said the HST will still put the economic crunch on

the institution.

"Anytime that there is a change in tax structure that affects our operating expenditures and our budgets, capital or otherwise, it further compounds the problems we face," he said.

Meanwhile, May said Memorial hopes to convince the Newfoundland government to rebate the money lost to taxes.

But provincial Finance Minister Paul Dicks said it is unlikely the university will be given a rebate for the HST because of offsetting savings for other equipment it purchases.

"For instance, many of the things that it buys — tables, chairs, desks, computers — all of these things are com-

ing down from [a] 20 per cent [tax rate] to 15 per cent," Dicks said. "So merely because one item goes up doesn't mean on balance the university should have a rebate."

Dicks said the reason federal rebates for the GST existed was because originally there had been no tax at all.

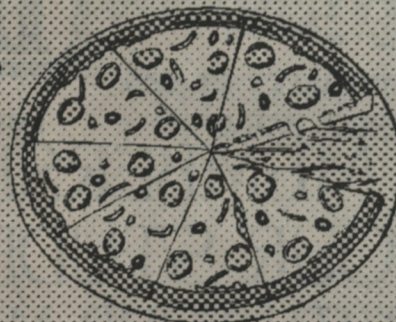
"The difference is provincially the retail sales tax already existed across a broad range of items, and that's being reduced," he said.

May said if the university does have to pay the tax it won't be able to fill some vacant positions or offer certain courses. But the administration has ruled out the possibility of further tuition fee increases other than those already announced.

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