

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Kevin Falcon
Minister of Finance and
Deputy Premier

Date Requested: March 22, 2012
Date Required: N/A

Initiated by: Elan Symes
Assistant Deputy Minister
Revenue Division

Date Prepared: July 9, 2012

Ministry Contact: Tara Richards
Executive Director
Property Taxation Branch

Phone Number: (250) 387-0532
Email: Tara.Richards@gov.bc.ca

Cliff #: 265072

TITLE: Request for remission of property transfer tax - S22 family farm
transfer.

PURPOSE:

(X) DECISION REQUIRED

Executive Director approval: *JK*

ADM approval: *id*

DM approval: _____

DATE PREPARED: July 4, 2012

TITLE: Request for remission of property transfer tax - S22 family farm transfer.

ISSUE: Property transfer tax remission for the transfer of a family farm from executors of an estate to beneficiaries

BACKGROUND:

S22

exemption from Property transfer tax (PTT) under section 14(3)(c.2) of the *Property Transfer Tax Act* (the Act).

In May 2011, the transaction was reviewed by the Property Taxation Branch (PTB). PTB learned that S22 had leased and farmed the properties since January 1, 2001, and that S22 did not conduct any of the farming operations during that time. An assessment of S22 was issued. Subsequently, PTB determined that the properties had temporarily lost their BC Assessment "farm" status for 2008, although it was restored for subsequent years.

The combined effect of the "family farm" definition in section 14(1), and section 14(3)(c.2) of the Act, is that property must be not only used and owned by the deceased but also farmed by them right up until death in order to qualify for the tax exemption. In practice, PTB interprets this provision as broadly as allowed under the statute. However, if there is no evidence provided that the transferor was somehow involved in the farming operation at the time of their death, then the exemption is denied even if the property is being farmed by family members.

S22

DISCUSSION:

Under section 19 of the *Financial Administration Act*, the Lieutenant Governor in Council may provide a remission of tax imposed by an enactment where great public inconvenience, injustice or hardship to a person has occurred or is likely to occur, and it considers that it is in the public interest to do so.

The exemption in section 14(3)(c.2) reflects the policy intention of encouraging intergenerational family farming in British Columbia. However, the legislation as currently drafted has unintended consequences as it is not reasonable to expect an elderly person to continue farming right up until death.

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This case is similar to the recent S22 case, where a PTT remission was granted on the basis of great injustice in relation to the transfer of a dairy farm. In that case, the S22 had been farming the property immediately prior to the owner's death. The property owner had not lived on the property for 8 months preceding S22 death, and had not been involved in any of the farming activity during that time. Legal counsel advised PTB it was possible a Court would favour the taxpayer in such circumstances.

The evidence supports a remission in this case on the basis of great injustice, as it was not intended that a tax exemption be unavailable in these circumstances. In fact, the current wording of the exemption in the Act has been identified for legislative amendment to address cases such as this. Providing remission would also serve the public's interest in supporting and encouraging the intergenerational transfer of family farms.

The Tax Policy Branch has been consulted, and case.

S13


in this

OPTIONS:

S13

RECOMMENDATION:

S13


Kevin Falcon
Minister

Date

Aug. 27/12

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Kevin Falcon
Minister of Finance and
Deputy Premier

Date Requested:
Date Required:

Initiated by: Bridget Minishka
Director, Consumption and
Aboriginal Tax
Tax Policy Branch

Date Prepared: July 16, 2012

Ministry Contact: Duncan Jillings
Strategic Advisor
Tax Policy Branch

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Tax Policy Branch

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Glen Armstrong
Executive Director
Tax Policy Branch

Phone Number: S17
Email: Glen.Armstrong@gov.bc.ca

265187

TITLE: Mandate for BC Hydro Grants to Treaty First Nations.

PURPOSE:

(X) **DECISION REQUIRED**

COMMENTS: This issue is related to the current negotiations with Nisga'a First Nation on a Real Property Tax Co-ordination Agreement.

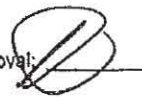
Executive Director approval:



ADM approval:



DM approval:



DATE PREPARED: July 16, 2012

TITLE: Mandate for BC Hydro Grants to Treaty First Nations

ISSUE: Request for a mandate to negotiate BC Hydro grants-in-lieu of taxation for Treaty First Nations.

BACKGROUND:

S16


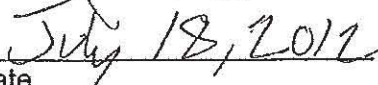
DISCUSSION:

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OPTIONS/EVALUATION

S13, S16

S13, S16


Kevin Falcon
Minister and Deputy Premier

Date

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Kevin Falcon
Minister of Finance and Deputy Premier

Initiated by: Johanna Scholten
Senior Advisor
Crown Agencies Resource Office

Date Prepared: July 12, 2012

Ministry Contact: Sheila Taylor
Associate Deputy Minister
Crown Reviews and Chief Operating Officer

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Email: Sheila.Taylor@gov.bc.ca

265210

TITLE: 2013/14 Government's Letter of Expectations (GLE) Template for
Crown Corporations.

PURPOSE:

☒ **DECISION REQUIRED**

COMMENTS:

Ministries are awaiting instructions on the 2013/14 GLE process in order to consider corporation-specific direction in the GLEs and consult with the Crown corporations by late summer or early fall, 2012. The Crown Agency Resource Office is recommending minor revisions to the GLE template for 2013/14, and seeks approval of the Minister of Finance.

Executive Director approval: _____

ADM approval: _____

Associate DM approval: _____

DATE PREPARED: July 12, 2012

TITLE: 2013/14 Government's Letter of Expectations (GLE) Template for Crown Corporations.

ISSUE: Approval of proposed changes to the 2013/14 Government's Letter of Expectations template.

BACKGROUND:

Under the Crown Agency Accountability System, the Minister responsible for that Crown corporation issues a GLE annually to each Crown corporation. The GLE provides Government's annual direction; confirms the Corporation's mandate and priorities for the year; and is an agreement of the parties' respective accountabilities, roles and responsibilities.

The GLE template includes government direction that applies to all the Crown corporations and has a section that provides Corporation-specific direction drafted by the Minister responsible.

The Crown Agencies Resource Office (CARO), with input from other areas of Government responsible for initiatives or acts that affect the Crown corporations, updates the GLE template annually.

DISCUSSION:

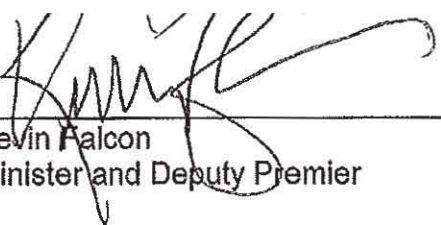
Proposed changes to the 2013/14 GLE template are discussed below. The attached draft template details the changes described.

OPTIONS:

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RECOMMENDATION:

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Kevin Falcon
Minister and Deputy Premier



Date

Attachment

Pages 11 through 16 redacted for the following reasons:

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Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Kevin Falcon
Minister of Finance
and Deputy Premier

Date Requested: June 28, 2012
Date Required: N/A

Initiated by: Kirn Khaira
Manager
Intergovernmental Relations

Date Prepared: July 3, 2012

**Ministry
Contact:**

S12

Cliff #: 265284

TITLE:

S22

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PURPOSE:

(X) DECISION REQUIRED

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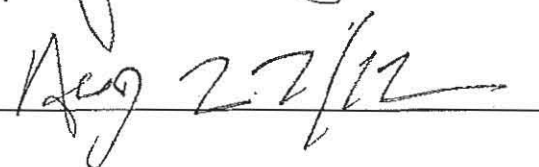
Page 18 redacted for the following reason:

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Kevin Falcon
Minister



Date

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Kevin Falcon
Minister of Finance
and Deputy Premier

Date Requested:
Date Required:

Initiated by: Glen Armstrong
Executive Director
Tax Policy Branch

Date Prepared: August 7, 2012

Ministry Contact: Christina Dawkins
Director, Property Tax
Tax Policy Branch

Phone Number: 250 387-3926
Email: Christina.Dawkins@gov.bc.ca

Glen Armstrong
Executive Director
Tax Policy Branch

Phone Number: 250 356-6004
Email: Glen.Armstrong@gov.bc.ca

265526

TITLE: Home Owner Grant – Grants Claimed in Error

PURPOSE:

(X) DECISION REQUIRED

COMMENTS:

DATE PREPARED: August 7, 2012

TITLE: Home Owner Grant – Grants Claimed in Error

ISSUE: A proposal to allow some disentitled homeowners to receive the Home Owner Grant (HOG).

BACKGROUND:

The Home Owner Grant (HOG) reduces a homeowner's property tax on their **principal residence**. It is a benefit that must be applied for every year.

A homeowner may have their HOG claims audited for a seven year period and may have to pay back up to seven years of grants plus interest, if their claims are disentitled. A homeowner may apply for the HOG for **one** year retroactively if they failed to apply for a HOG or if the HOG claim is denied for the previous year.

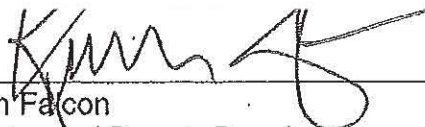
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DISCUSSION:

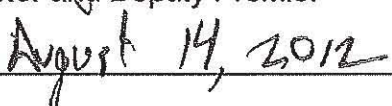
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Kevin Falcon
Minister and Deputy Premier



Date

Attachment

The proposals below apply in situations where the three following conditions (termed the "eligibility conditions") are met:

1. A person claimed a grant incorrectly (an "incorrect" grant) in the current year or one or more of six previous years;
2. The grant administrator is satisfied that for each of the years in which a person claimed a grant incorrectly, the person would have been eligible to receive a grant (a "correct" grant) if the person had applied correctly; and
3. The person had not previously received advice from the grant administrator that they were claiming the grant incorrectly.

The proposals below require further consultation to confirm their feasibility.

Page 25 redacted for the following reason:

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Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Kevin Falcon
Minister of Finance
and Deputy Premier

Date Requested: July 25, 2012
Date Required: July 25, 2012

Initiated by: Sharon White
Sr. Risk Management
Consultant
Risk Management Branch

Date Prepared: July 25, 2012

**Ministry
Contact:** Phil Grewar
Executive Director
Risk Management Branch

Phone Number: S17
Email: Phil.Grewar@gov.bc.ca

Cliff #: 265404

TITLE: Approval of Guarantee by Provincial Health Services Authority (PHSA) for
Construction of a Child Day Care Facility at Children's & Women's Health
Centre of BC

PURPOSE:
(X) DECISION REQUIRED

COMMENTS:

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: July 25, 2012

TITLE: Guarantee by Provincial Health Services Authority (PHSA) for Construction of a Child Day Care Facility at Children's & Women's Health Centre of BC

ISSUE: Approval of Guarantee is required pursuant to Section 2 of the *Financial Administration Act Guarantees and Indemnities Regulation B.C. Reg 258/87*.

BACKGROUND: As part of a major redevelopment project at the Children's & Women's Health Centre (CWHC), the Provincial Health Services Authority (PHSA) has recently completed several agreements with the City of Vancouver (CoV) that will enable municipal rezoning for a portion of the site. Provision of a child day care on the CWHC site is a longstanding requirement of the CoV, and this requirement has recently been enforced through the passing of these rezoning requests. Permits for future work associated with the CWHC Redevelopment Project are contingent upon completed construction of this facility. As such, the CoV requires PHSA to provide a written guarantee confirming construction of a child day care facility on the site will be completed by an agreed upon date (which is two years past the expected completion date). Alternatively, the CoV would accept the posting of a letter of credit from PHSA for the value of the work associated with construction of the child day care facility. This represents approximately \$4 million and the corresponding limitations it would place on PHSA's cash flow are undesirable.

DISCUSSION: Offering this guarantee is consistent with work that PHSA has already committed to completing. The guarantee cannot be invoked until two years past the expected completion date. The child day care is fully funded within Phase 1 of the Children's & Women's Redevelopment Project. Agreements are already in place with the BC Children's Hospital Foundation to both fund and construct the child day care, and with the YMCA to operate the child day care upon its completion. Therefore, offering this guarantee does not represent a significant risk to PHSA.

OPTIONS:

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RECOMMENDATION:

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Kevin Falcon
Minister

Date

encl: Letter from A. Grossert, PHSA requesting approval of Guarantee
Letter from L. Cranston, PHSA to City of Vancouver

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Kevin Falcon
Minister of Finance

Date Requested: August 15, 2012
Date Required: August 17, 2012

Initiated by: Peter Milburn
Deputy Minister of Finance

Date Prepared: August 16, 2012

Ministry Contact: Stuart Newton
Comptroller General

Phone Number: 250-387-6692
Email: Stuart.Newton@gov.bc.ca

Cliff #: 265604

TITLE: Meeting between Premier Clark and the BC Construction Association (BCCA) - August 20, 2012

Attendees from BCCA:

Manley McLachlin, President and CEO, and 3 Board Members:
Patrick Waunch, Chair
Ross McLean, Vice Chair
Sue Zacarius, Secretary/Treasurer

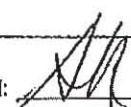
PURPOSE: MEETING – August 20, 2012


COMMENTS:

BCCA has requested this meeting to discuss capital procurement issues, increased collaboration between government and industry, and impacts to the construction industry resulting from the return to PST.

BCCA's primary objectives at the meeting will likely be to get government's commitment to reinforce capital procurement policies for government and the broader public sector, address its concerns of Design Build as a default procurement option, and to address its concerns of the impact on the construction industry from the transition to PST.

Executive Director approval: 

ADM approval: 

DM approval: 

DATE PREPARED: August 16, 2012

TITLE: Meeting between Premier Clark and BC Construction Association

ISSUE: Capital procurement, increased collaboration between government and the construction industry, and the PST Transition

BACKGROUND:

- The BC Construction Association (BCCA) is a lobby group that represents the interests of 2,000 union and non-union construction companies in British Columbia.
- BCCA may raise the following recommendations and concerns, at the meeting:
 - A. Capital Procurement Issues:
 - 1. Recommendation: that government continue to work with industry to review and update the Capital Asset Management Framework (CAMF) and to reinforce the principles of fair, open and transparent public procurement processes; and make CAMF a series of policies instead of guidelines.
 - 2. Concern: that Treasury Board can mandate capital procurement processes such as Design Build.
 - 3. Recommendation: that government agencies use its Bid Central or other e-tendering platform, for all capital procurements.
 - 4. Recommendation: that CAMF and the principles of fair, open and transparent procurement processes apply to municipalities and quasi-autonomous non-government organizations.
 - B. Increased Collaboration Between Government and Industry:
 - 1. Recommendation: that government officials of all levels have more collaboration with industry through formal meetings.
 - C. Impacts on the Construction Industry from Transition back to PST:
 - 1. Recommendation: that the government consider measures to reduce the impact on the construction industry.
- The Minister and Deputy Minister of Finance, the Office of the Comptroller General and Partnerships BC have each discussed the procurement issues with BCCA.
- CAMF was published in 2002 and sets out guidelines applicable to government and the broader public sector for capital asset planning, procurement and management to establish best practices for managing capital infrastructure, and to promote innovation and value for money in addressing public infrastructure needs.

- The Ministry of Finance is currently leading a review of and update to CAMF, scheduled for completion in March 2013. Many of the issues identified by industry (including BCCA) and other stakeholders are being considered during the review.
- Further background on the issues and recommendations is attached as Appendix A.

ADVICE AND RECOMMENDED RESPONSE:**A. Capital Procurement Issues****1. Transparent, open and fair capital procurement processes**

- Government is committed to fair, open, transparent and competitive procurement processes, obtaining value for money and protecting the public interest; and continues to reinforce these principles across government and the broader public sector.
- The current CAMF review is considering: new guidance and tools to support fair, open and transparent procurement practices; promote consistent and rigorous procurement options analysis; and the policy versus guideline issue.

2. Concerns re: mandating Design Build (DB) or other procurement options

- Taxpayers expect that government will find the best way to get the capital projects built on time and on budget.
- The Province will select the best procurement option based on service delivery needs, value for money, protection of public interest and risk assessment.
- Government has not mandated the use of DB procurement, except for the Kitsilano and Oak Bay Secondary School projects (See Appendix A).
- There have been some recent successes with DB in schools (See Appendix A).
- The current CAMF review includes updated guidance and tools to promote more consistent and rigorous analysis of procurement options.

3. Industry accepted procurement technology

- Broader public sector owners can select their e-tendering platform, provided they do so through a fair, open, transparent and competitive procurement process.

4. Application of the Province's procurement principles to municipalities and quasi autonomous non-governmental organizations

- Legislation would be required to extend the application of CAMF or the principles of fairness, openness and transparency beyond the government and the broader public sector.

B. Collaboration Between Government And Industry

- Government supports regular communication and consultation with industry and actively seeks input on relevant policies and templates.
- Government can meet with the industry led Public Construction Council of BC to discuss issues instead of taking on a membership role. This approach allows government the ability to consider various stakeholders' input and allows for the approvals needed under our existing accountability structures.

C. PST Transition

- The BC government continues to work to re-implement the PST and further details about the transitional rules will be provided as soon as possible
- Government committed to re-implement the PST with all permanent exemptions and has introduced common-sense improvements intended to simplify business compliance.
- Government values the input of industry, however, any consideration of recommendations or measures to mitigate the impact of the tax will have to wait until after the transition from HST.

Pages 32 through 34 redacted for the following reasons:

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Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Kevin Falcon
Minister of Finance
and Deputy Premier

Date Requested: July 17, 2012
Date Required: August 9, 2012

Initiated by: Peter Milburn
Deputy Minister

Date Prepared: August 7, 2012

Ministry Contact: Marcus Gill
Director

Phone Number: 250 387-7567
Email: Marcus.Gill@gov.bc.ca

Cliff #: 265068

TITLE:

S12

PURPOSE:

(X) DECISION REQUIRED

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Executive Director approval: _____

ADM approval: _____

DM approval: _____

Pages 36 through 37 redacted for the following reasons:

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Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Kevin Falcon
Minister of Finance
and Deputy Premier

Date Requested:
Date Required:

Initiated by: Glen Armstrong
Executive Director
Tax Policy Branch

Date Prepared: July 12, 2012

Ministry Contact: Richard Purnell
Strategic Advisor
Tax Policy Branch

Phone Number: 250-387-9072
Email: Richard.Purnell@gov.bc.ca

Glen Armstrong
Executive Director
Tax Policy Branch

Phone Number: S17
Email: Glen.Armstrong@gov.bc.ca

265212

TITLE: Flow-through shares for the high-tech industry

PURPOSE:

(X) REQUEST FOR INFORMATION

COMMENTS:

Proponents of new flow-through shares should take their request to the federal government.

Provinces can offer tax credits that correspond to existing federal flow-through share arrangements. Should the federal government agree to extend flow through shares to other industries such as the high-tech sector, BC would then have an opportunity to evaluate whether it was in the province's interest to offer a corresponding "super flow-through" tax credit, similar to the BC Mining Flow-Through Share Tax Credit that the province provides for the mining industry.

High-tech businesses in the province currently benefit from the BC Scientific Research and Experimental Development (SR&ED) Tax Credit. In addition, investors in some high-tech companies may also benefit from BC's Venture Capital Tax Credit.

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: July 12, 2012

TITLE: Flow-through shares for the high-tech industry

ISSUE: The high tech industry periodically lobbies the federal government to allow the industry to issue flow-through shares to investors, similar to the existing program for the resource and renewable energy sectors.

BACKGROUND:

Flow-through shares are a federal financing mechanism that allows exploration companies in the resource and renewable energy sectors to pass eligible Canadian exploration expenses to investors (the purchasers of flow-through shares). Under federal income tax rules these investors can deduct from income 100 per cent of the eligible exploration expenses.

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British Columbia provides a BC Mining Flow-through Share Tax Credit ("super flow-through shares") to encourage investments in mineral exploration in the province. Investors can claim a non-refundable tax credit equal to 20 per cent of their BC eligible grassroots exploration expenditures. The credit is harmonized with the federal Investment Tax Credit for Exploration. The combined effect of the flow-through share deduction, the federal credit and the provincial credit for an individual investor is to reduce the cost of a \$1,000 investment to about \$382. These incentives combine to form an attractive opportunity for individuals to invest in mineral exploration. The BC credit was last extended in Budget 2010 to December 31, 2013.

Periodically, other industries, including film and the high tech sector, request that they be eligible to issue flow-through shares to their investors.

DISCUSSION:

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S13

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Michael de Jong, Q.C. **Date Requested:**
Minister of Finance **Date Required:**

Initiated by: Heather Wood
Assistant Deputy Minister **Date Prepared:** August 23, 2012

Ministry Contact: Paul Flanagan
Strategic Advisor **Phone Number:** 250 387-9014
Tax Policy Branch **Email:** Paul.Flanagan@gov.bc.ca

Leanne Ingledew
Strategic Advisor **Phone Number:** 250 356-5068
Tax Policy Branch **Email:** Leanne.Ingledew@gov.bc.ca

Glen Armstrong
Executive Director **Phone Number:** 250 356-6004
Tax Policy Branch **Email:** Glen.Armstrong@gov.bc.ca

265585

TITLE: Employer income tax credit for informal, on-the-job training

PURPOSE:

(X) REQUEST FOR INFORMATION

COMMENTS:

Executive Director approval: _____

ADM approval: _____

DM approval: _____

Peter
approved
Page 41
FIN-2012-00225

DATE PREPARED: August 23, 2012

TITLE: Employer income tax credit for informal, on-the-job training

ISSUE: Feasibility of providing an income tax credit to small businesses that provide informal, on-the-job training to employees

BACKGROUND:

BC currently offers Training Tax Credits that were introduced in 2007 and provide income tax credits to employers and their eligible apprentices registered in trades programs approved by the Industry Training Authority "ITA" (i.e., Red Seal and non-Red Seal trades). Prior to the credits' implementation extensive research and consultations were conducted with respect to the scope, cost /benefit and feasibility of a training-focused tax credit; in addition, industry participants were invited to provide formal submissions and recommendations.

DISCUSSION:

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