Q11. Will the rate of inflation fall once PST/GST is re-instituted in BC?

A:

Key Messages:

- **Inflation will likely decrease as a result of the reintroduction of the PST's exemptions on services and certain goods.**
- **Based on our analysis and that of various private sector institutions, we estimate that the implementation of the HST increased the provincial inflation rate by between 0.5 and 1.0 percentage points in the year since its introduction (July 2010 to June 2011).**
- **The reintroduction of the PST will likely reverse the additional inflation caused by the HST**
- **Inflation is expected to fall for one year following the re-introduction of the PST.**

S13

[1] Ministry of Finance First Quarterly Report CPI estimate for 2012 through 2015

Q13. Will going back to PST/GST put BC at a competitive disadvantage compared to other jurisdictions?

A.

Key Messages:

- **The PST system will increase the cost of producing goods and lead to decreases in profits and reduce the potential for return on investments.**
- **Studies show that going back to the PST will lower competitiveness and lead to less output and fewer jobs.**
    - **According to the Independent Panel on the HST's study, the impact is not severe.**
- **Within Canada, BC will be at a competitive disadvantage with regard to provinces with value-added sales taxes: Ontario, Quebec, Alberta and the Maritime provinces (excluding PEI).**
- **The impact on competitiveness will be more severe if the US, or US states, adopt a value-added tax, as recommended by some prominent economists and newspaper editorials.**
    - **A value-added sales tax would reduce the volatility of government revenues compared to income, corporate and property taxes.**

Q14. Who will be BC's winners and losers if PST/GST is reinstated?

A. Key Messages:

- **Virtually all economic analysis finds the HST increases economic growth, productivity, wages and the quality of jobs compared to the PST/GST.**
- **However, there is no consensus on the value and timing of those benefits.**
- **These benefits would be lost by going back to the PST/GST system.**
    - **A move back to the PST/GST will likely have a negative impact on business and investor confidence. A limited number of sectors that don't qualify for HST rebates would benefit in the short run.**
    - **Consumers would see an immediate benefit as the tax rate on some services is reduced. In the medium and long-term however, consumers would pay a higher tax rate on goods and would see higher prices on those goods due to the "embedded" PST.**
    - **The provincial government will see a reduction in tax revenues and increased tax system administration costs and debt servicing costs stemming from government reimbursement of Federal transition payments funded with debt.**

S13

S13

Pages 5 through 6 redacted for the following reasons:
- -
S12

Howard, Samantha A FIN:EX

From: Plummer, Glen GCPE:EX
Sent: Friday, September 16, 2011 12:57 PM
To: Howard, Samantha A FIN:EX; Delisle, Corrie FIN:EX; Sutherland, Aaron FIN:EX
Cc: Edwardson, Jamie GCPE:EX; Gordon, Matt GCPE:EX; MacLean, Shelley FIN:EX; Syer, Tom FIN:EX; Milburn, Peter R FIN:EX; Dickson, Greg GCPE:EX; Kristofferson, Kristie L GCPE:EX; Hann, Caeli GCPE:EX; Plummer, Glen GCPE:EX; Currie, David PAB:EX
Subject: MEDIA REQ:

Importance: High

Reporter / Outlet / Contact: Lauren Benn, Terrace Standard, 250 638-7283 or 250 975-1985cell, newsroom@terracestandard.com

Deadline: 4 p.m. today

Request: Reporter has spoken with a local small business group who suggest the government might want to consider locating the PST administration offices in Terrace.

Reporter would like to know if Province is planning to locate PST administration office in Victoria or will it look at locating it in another community.

Recommendation / Response: GCPE email reporter the following statement from Minister Falcon.

S13

Date & Time of Inquiry: 10:28 AM, Sep. 16, 11

Howard, Samantha A FIN:EX

From: Plummer, Glen GCPE:EX
Sent: Friday, September 16, 2011 3:31 PM
To: Delisle, Corrie FIN:EX; Howard, Samantha A FIN:EX; Sutherland, Aaron FIN:EX
Cc: Edwardson, Jamie GCPE:EX
Subject: Media request - draft response points re. construction industry and HST transition - 16 Sep 11

Importance: High

Hello Sam, Corrie and Aaron,

David Godkin is writing an article for Canadian Construction Magazine and has asked for comment from the minister about the concerns of homebuilders and construction industry around the impact of the HST transition period to the industry.

Suggest we email the following points

S13

Glen Plummer
Government Communications and Public Engagement
Ministry of Finance
250 387-3514 office
S17 **cell**

TEAMWORK CURIOSITY PASSION SERVICE COURAGE ACCOUNTABILITY
I N T E G R I T Y

Minister of Finance Presentation to Caucus

BRITISH COLUMBIA
The Best Place on Earth

Ministry of Finance

September 9, 2011

Agenda

Budget and Fiscal Plan Update – 2011/12 Q1

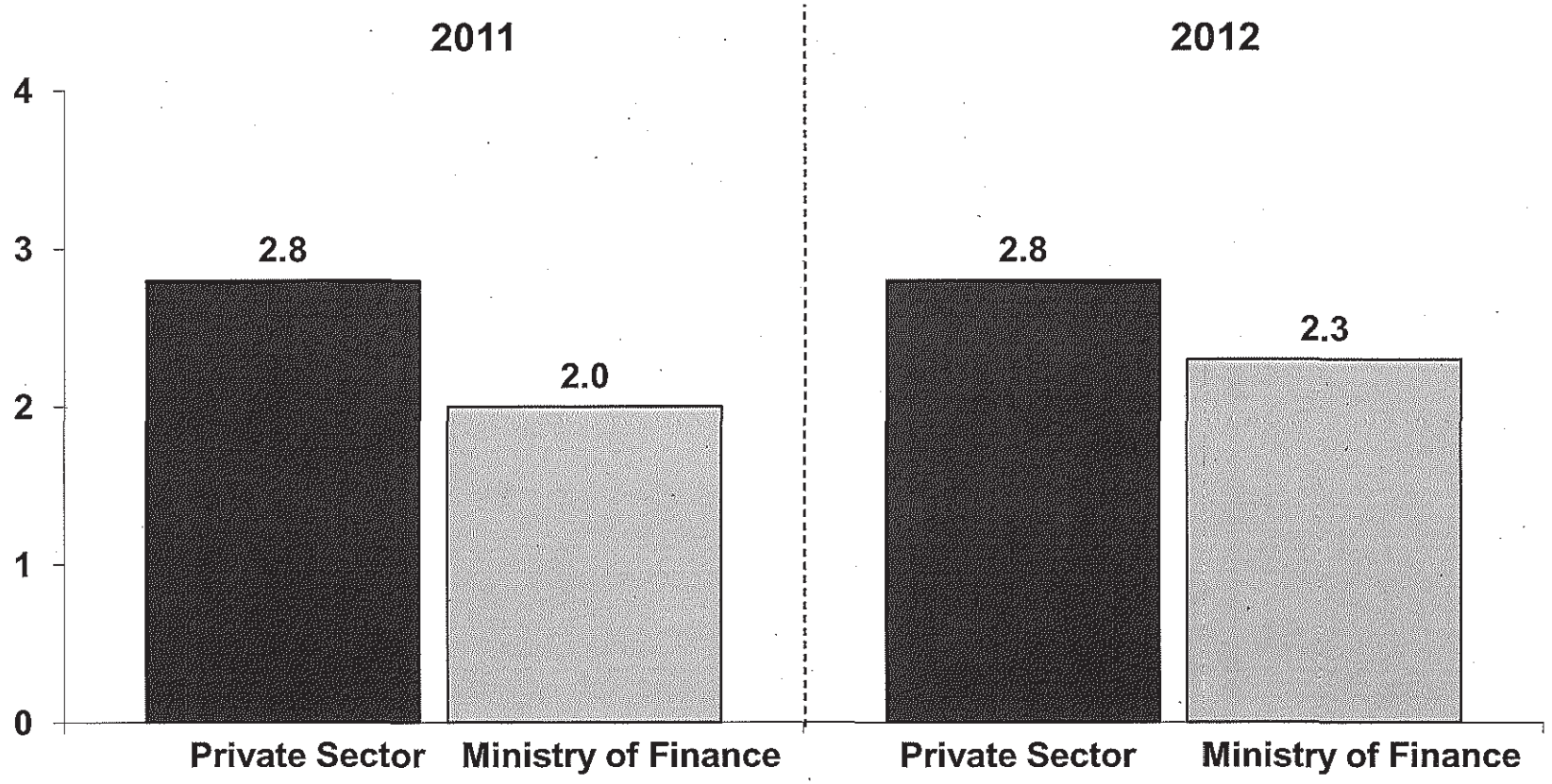
Return to PST

Budget and Fiscal Plan Update
First Quarterly Report
2011/12

September , 2011

Ministry forecast remains prudent relative to private sector

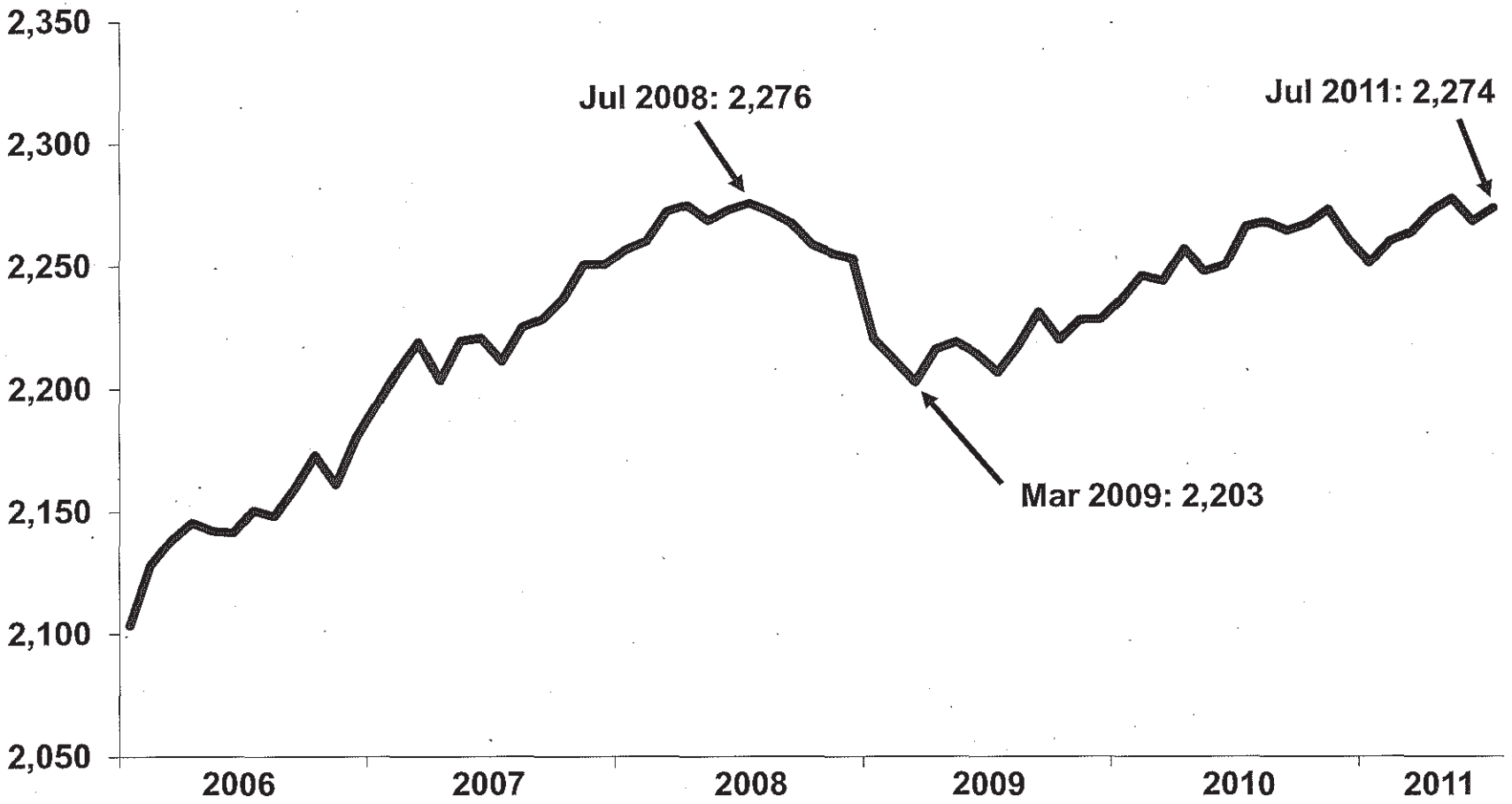
BC Real GDP
%change



Source: BC Ministry of Finance and average private sector forecast (BMO, CIBC, Global Insight, RBC, Scotiabank and TD as of August 19, 2011)

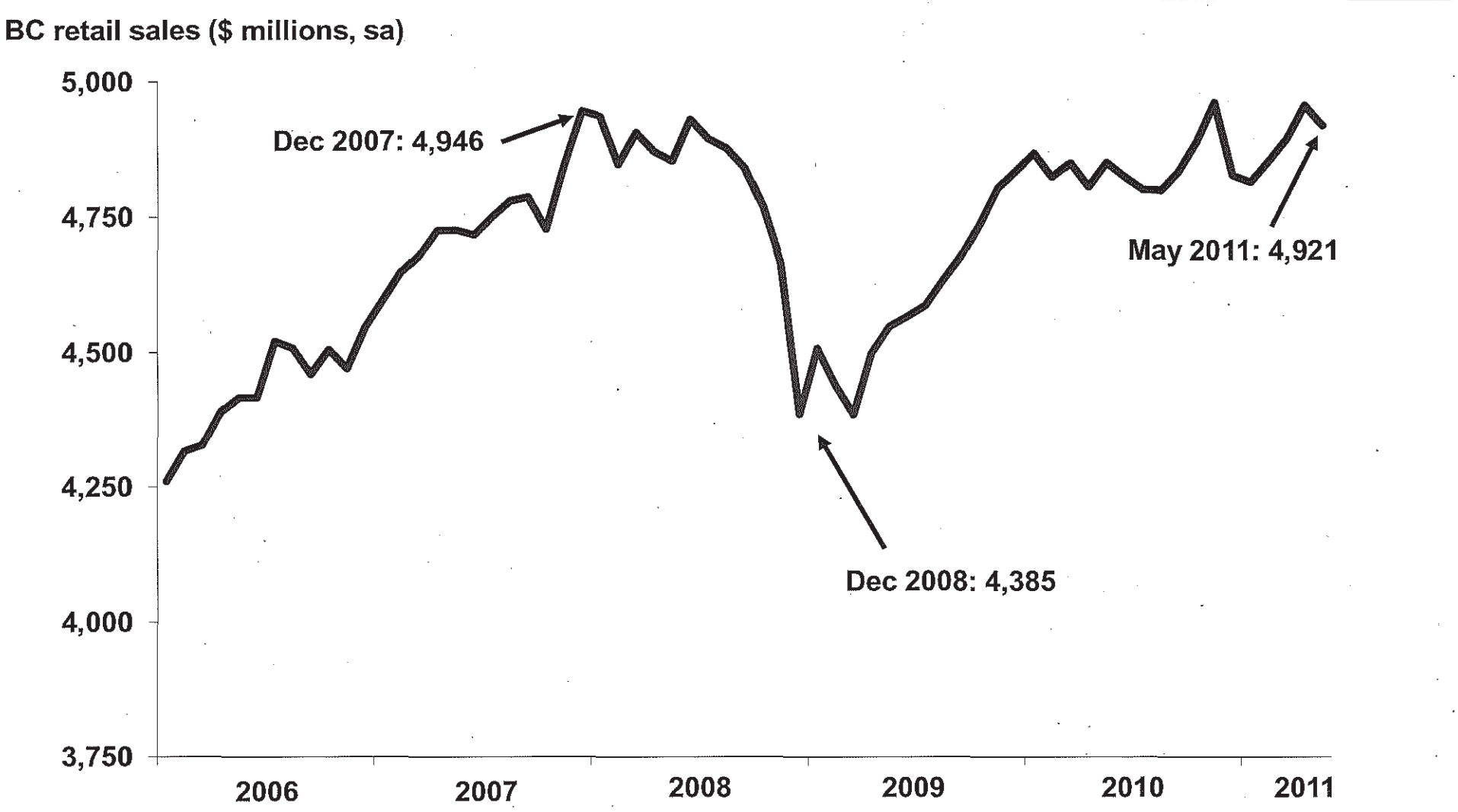
BC employment recovering slowly

BC employment (000s, sa)



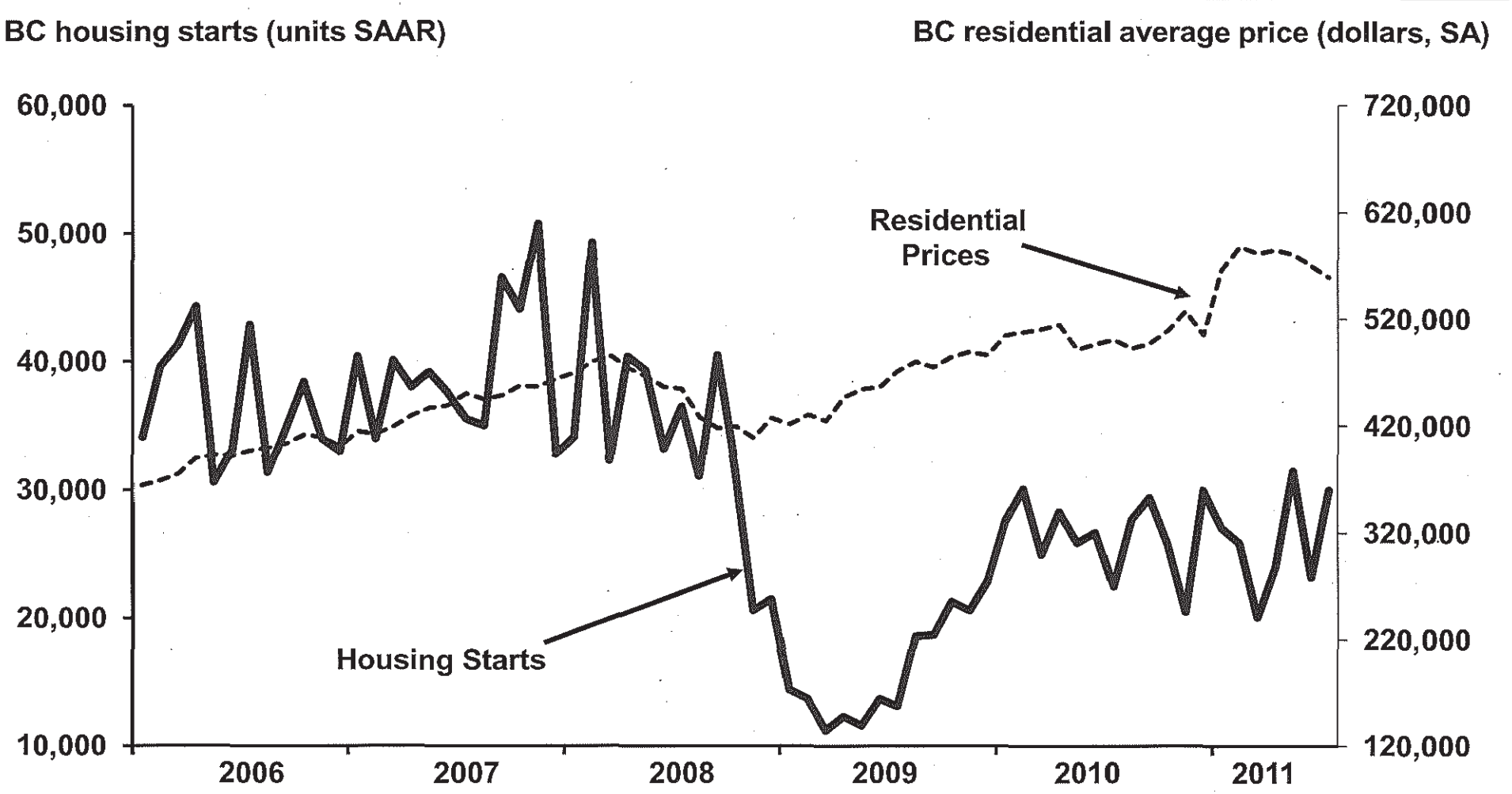
Source: Statistics Canada

BC retail activity mixed



Source: Statistics Canada

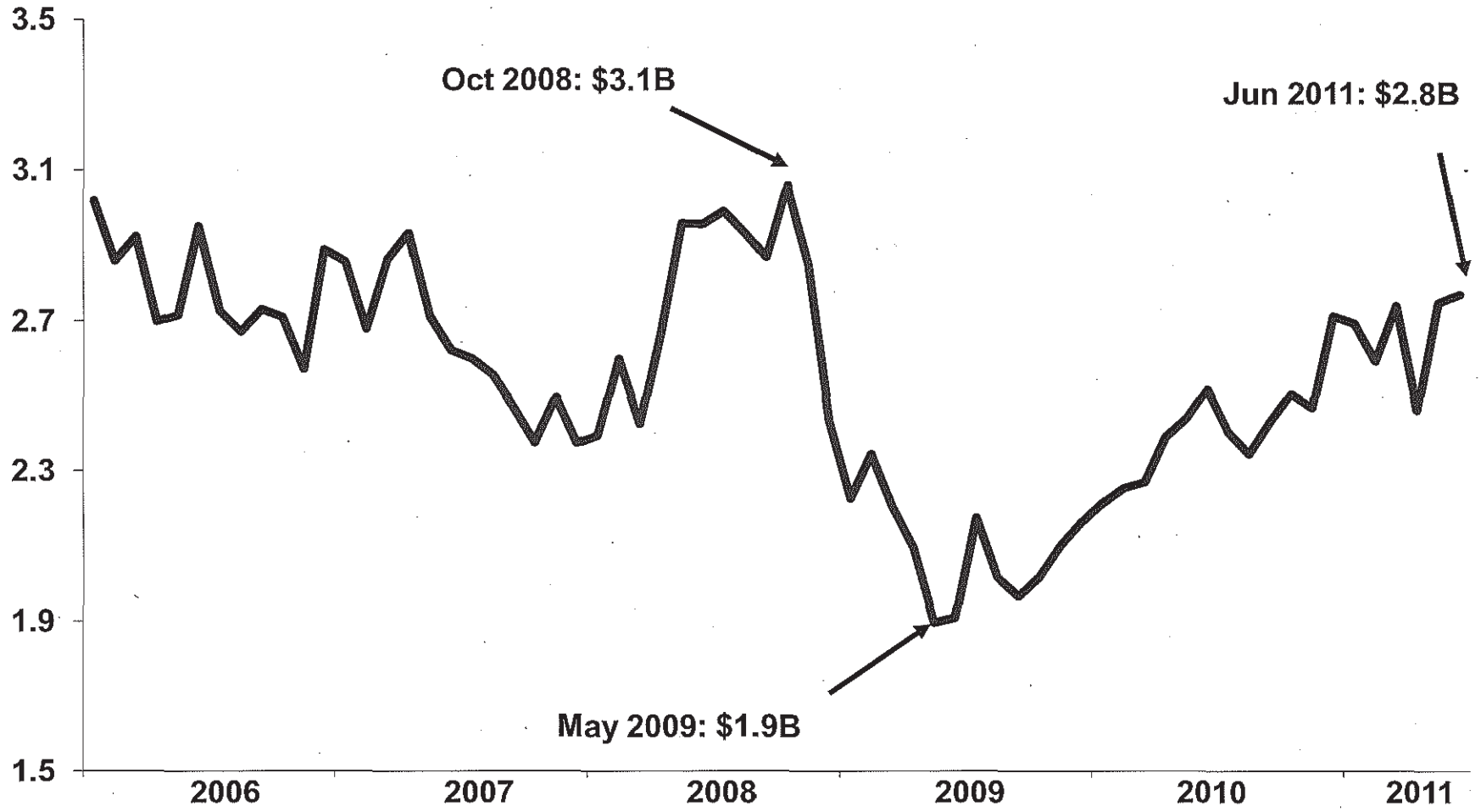
BC housing starts trending flat while prices are elevated



Source: Canada Mortgage and Housing Corporation

Exports recovery on track

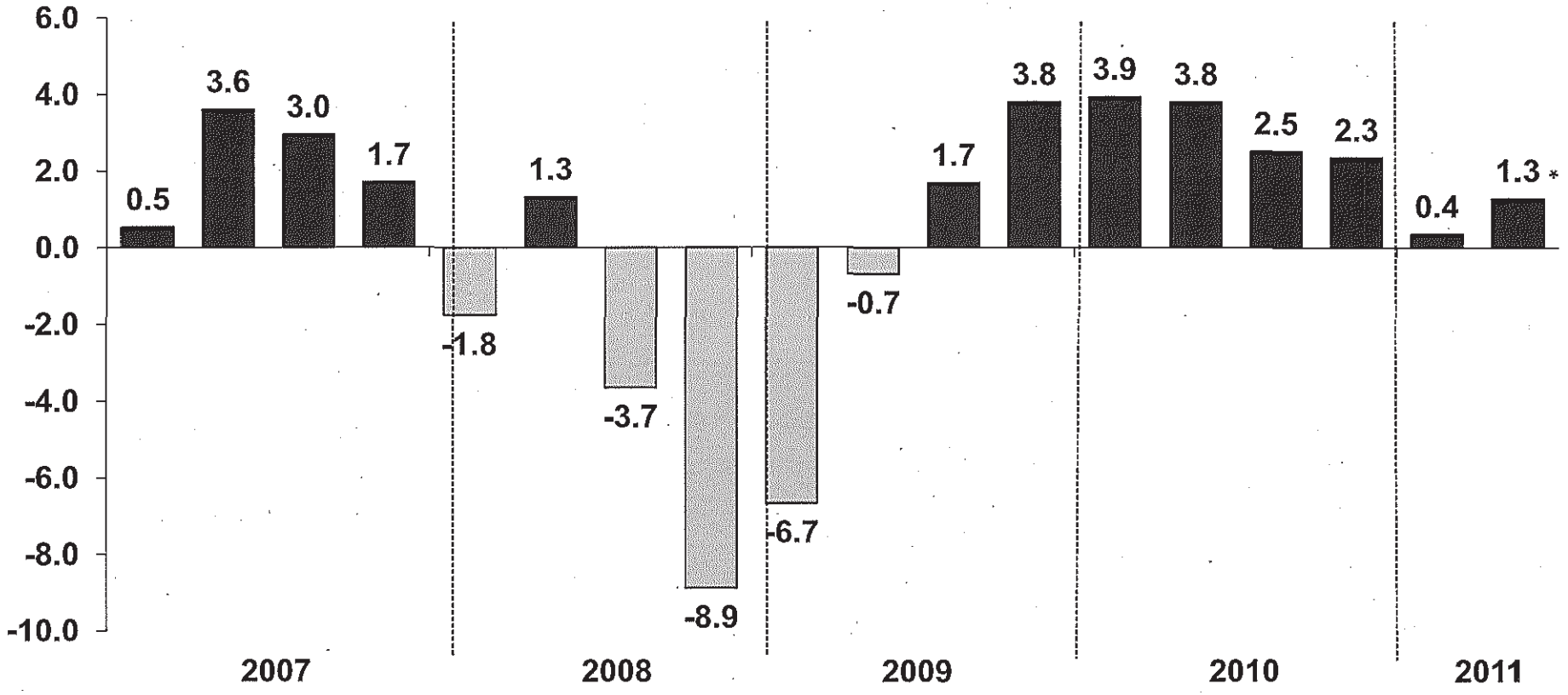
BC total merchandise exports ($ billions, sa)



Source: BC Stats

Slowing pace of US real GDP growth

US Real GDP (Second Estimate, annualized q/q %change)



Source: US Bureau of Economic Analysis
* Advance estimate, subject to revision

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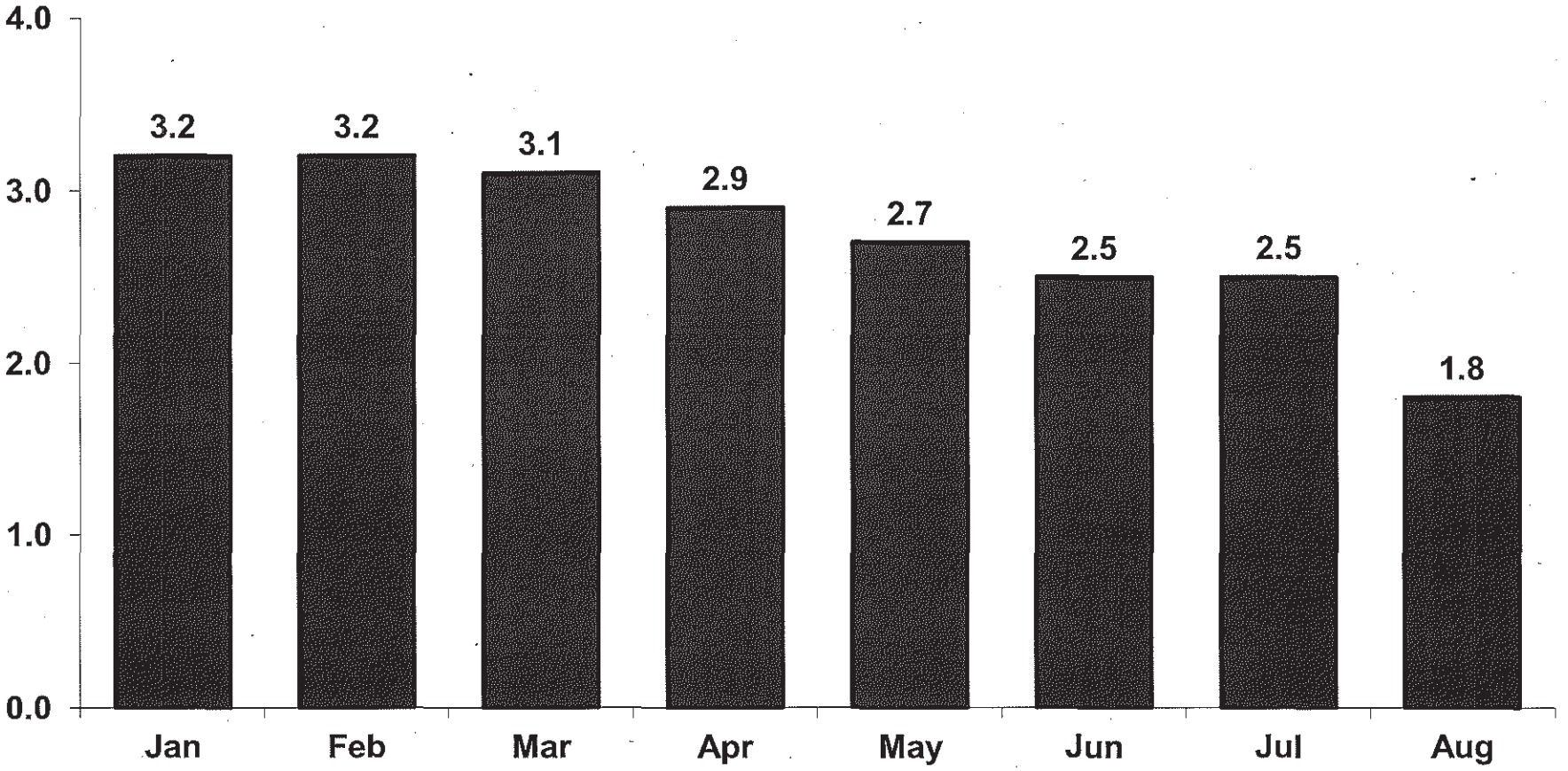
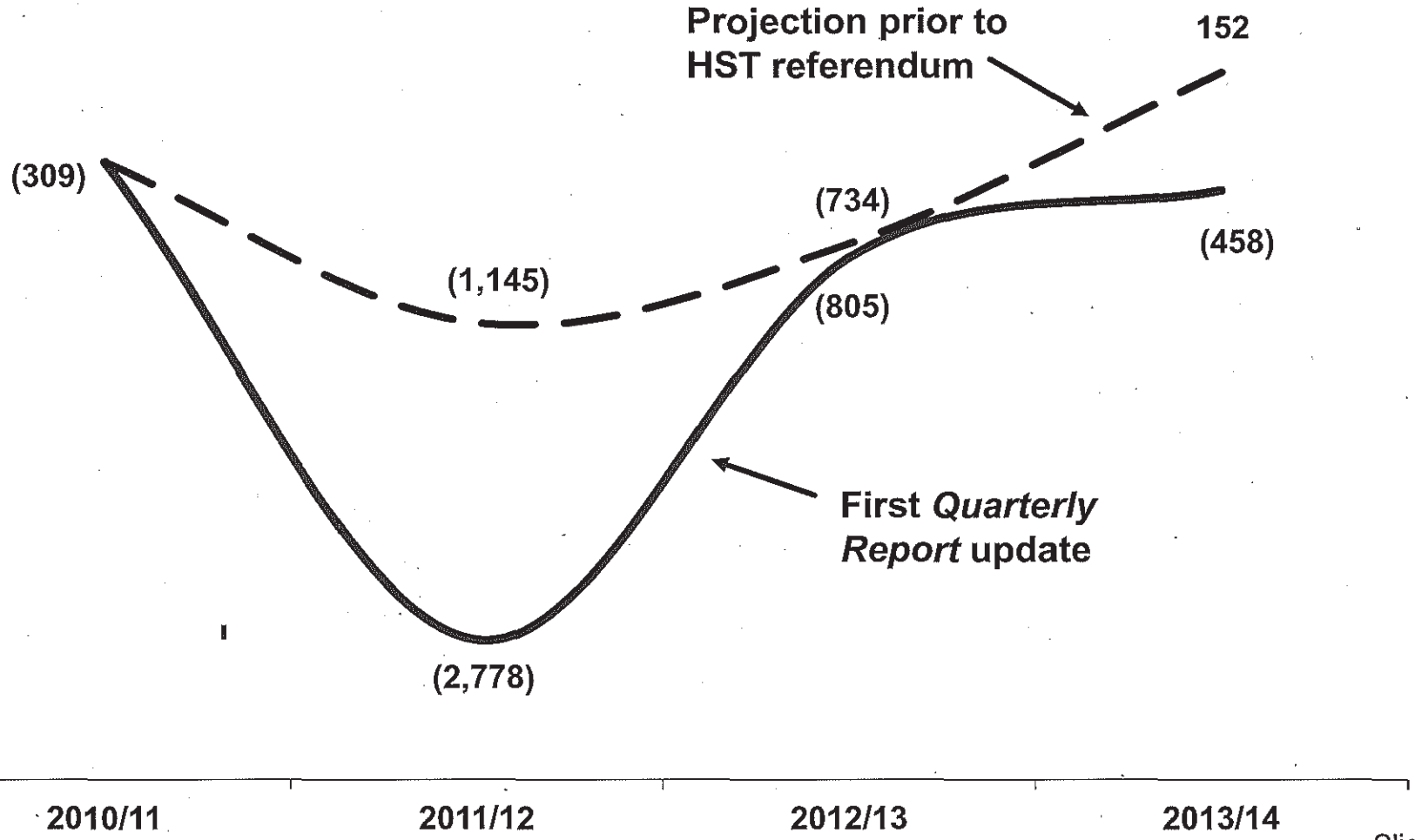


Source: Consensus Economics

Fiscal plan gap greater with PST/GST

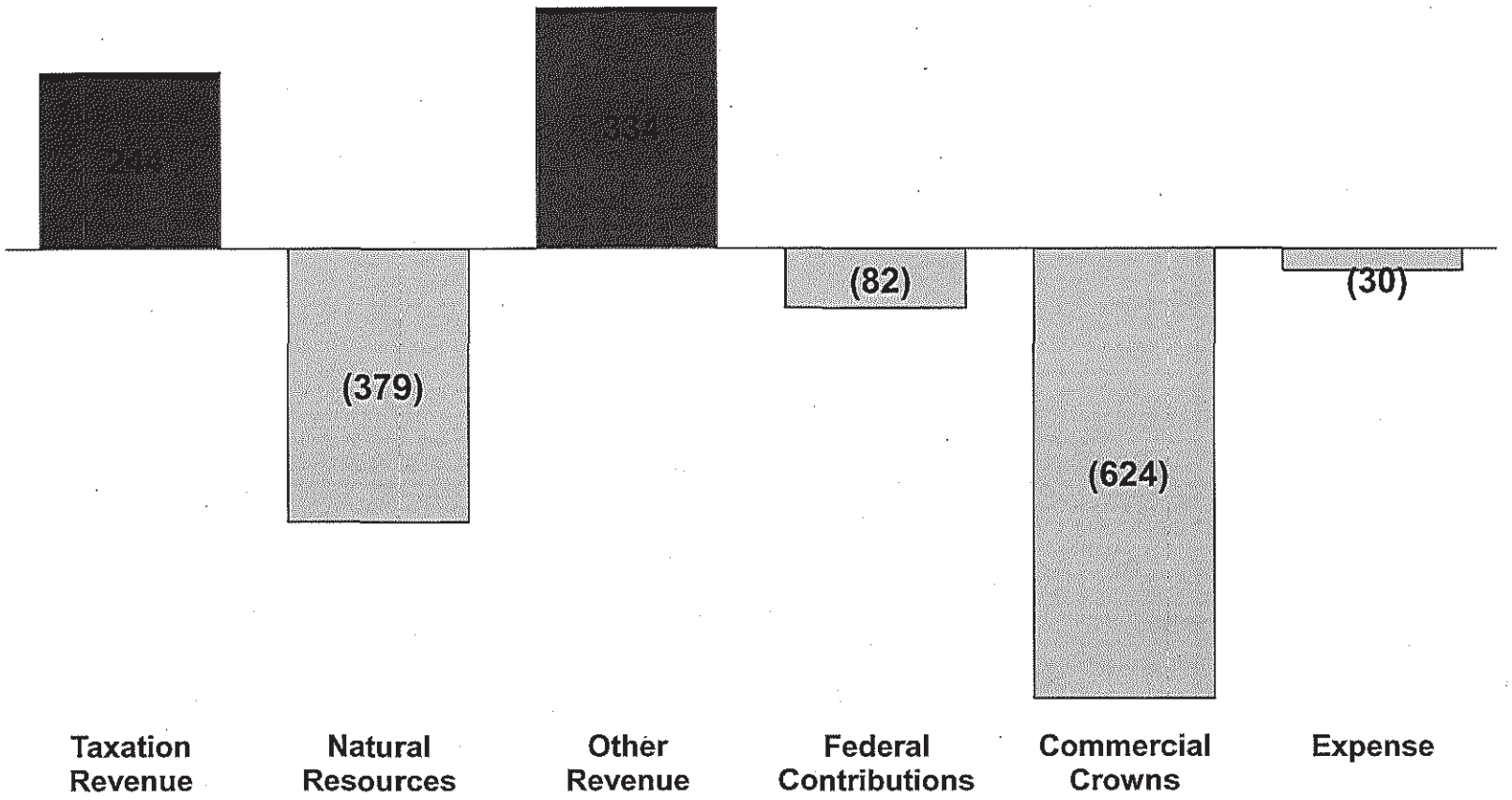
Fiscal plan deficit before measures required to balance the budget ($ millions)



Three-year cumulative changes before HST referendum

($ millions)

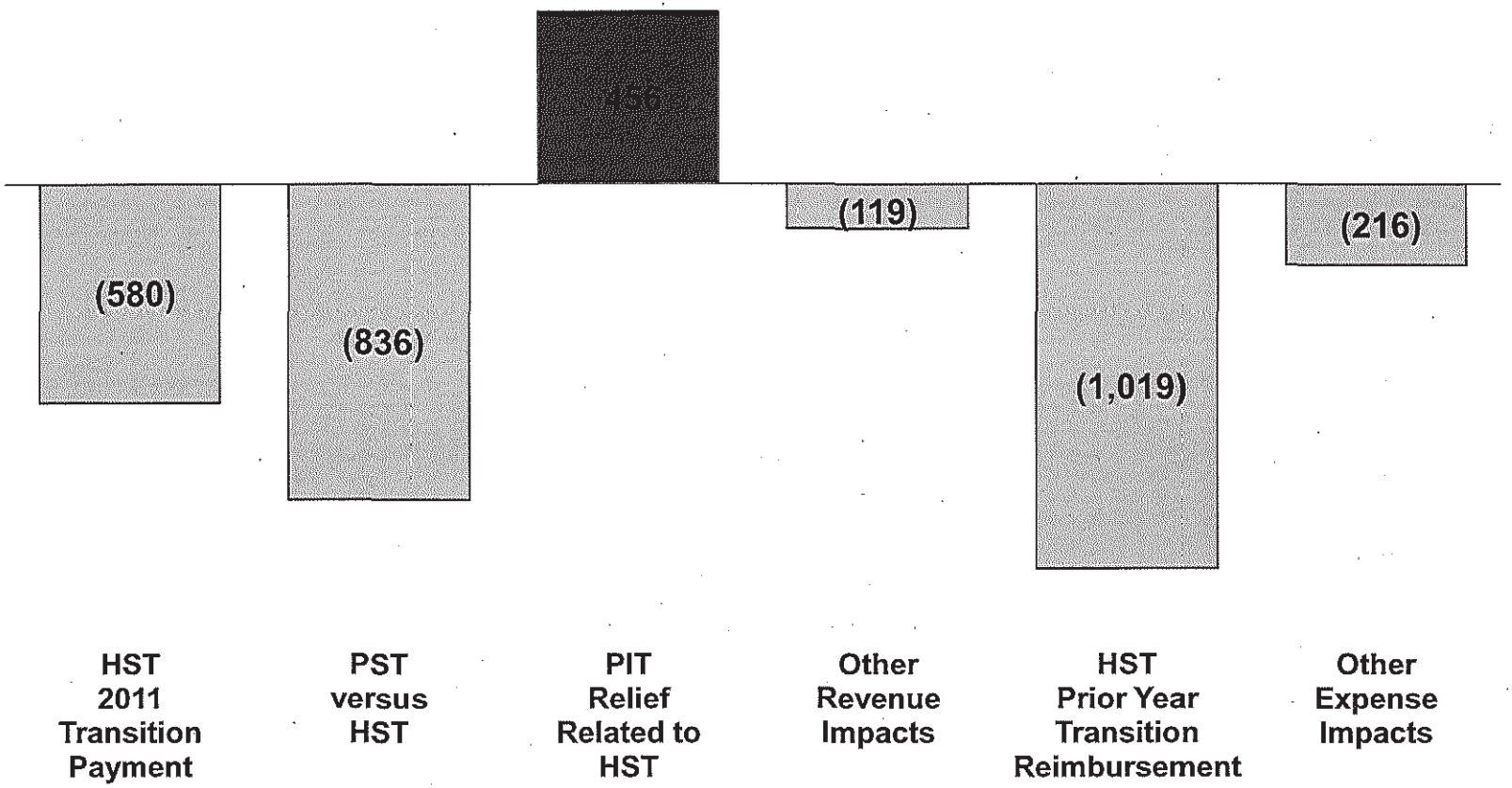
Total cumulative change: ($537) million



Three-year cumulative impact of reverting to PST/GST system

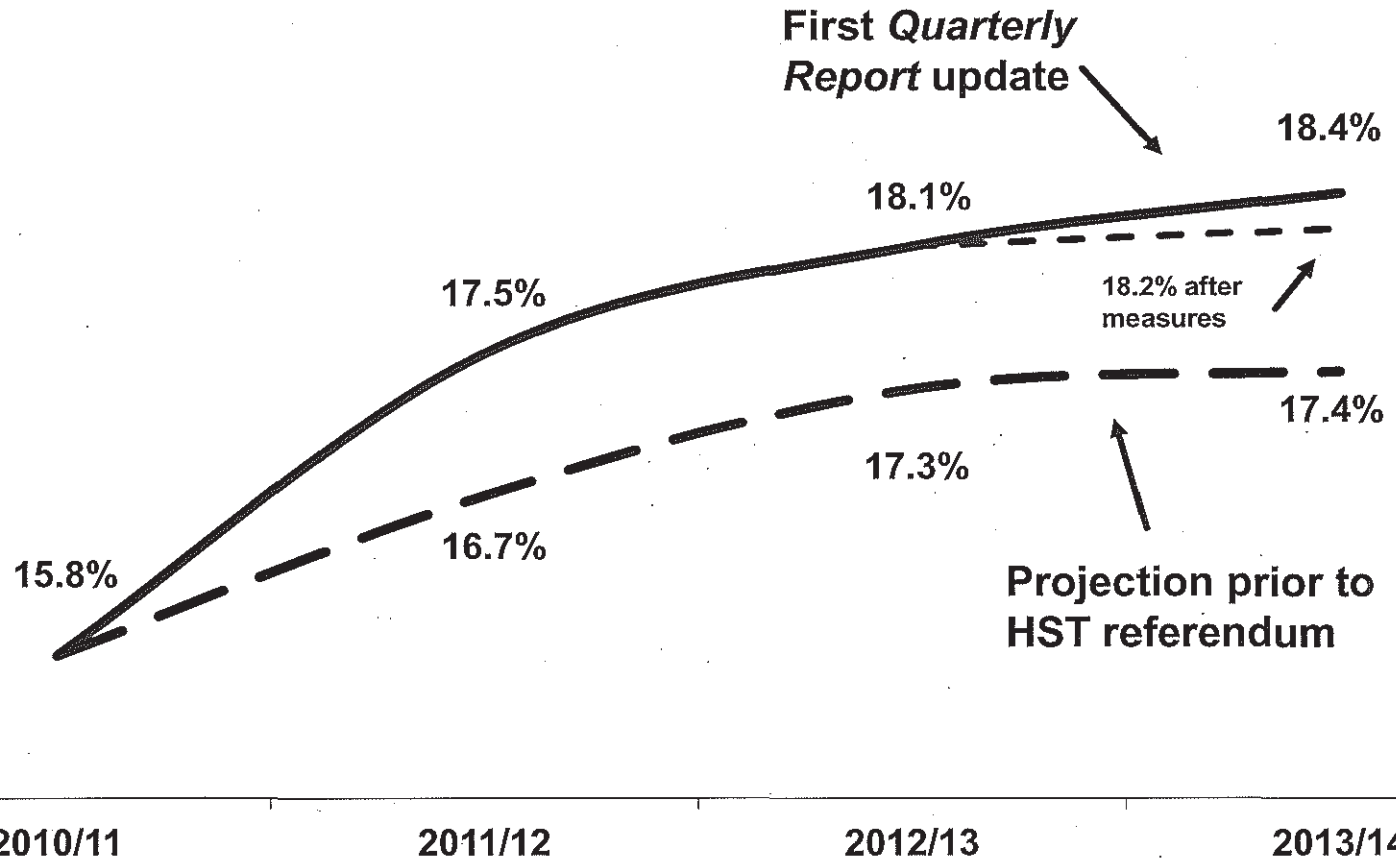
($ millions)

Total cumulative change: ($2,314) million



Taxpayer debt burden higher with PST/GST

Taxpayer-supported debt to GDP ratio before measures required to balance the budget



Managing the change

- **Government will consult with British Columbians on measures to close the $458M deficit gap in 2013/14**
- **Measures must consider:**
  - **Slower revenue growth of 2.8% compared to 3.3% at *Budget 2011***
  - **The need to direct resources towards increasing demand for services**
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  - **Infrastructure requirements to rehabilitate and modernize existing facilities**

Other challenges

- **Economic risks**
  - Return to recession in the US economy.
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Next Steps – Budget and Fiscal Plan

▪ **Budget Consultation Paper**	**Sept 8**
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▪ ***Budget 2012***	**Feb 21, 2012**

RE-IMPLEMENTATION OF PST

PST to be Restored

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- Business registration and outreach
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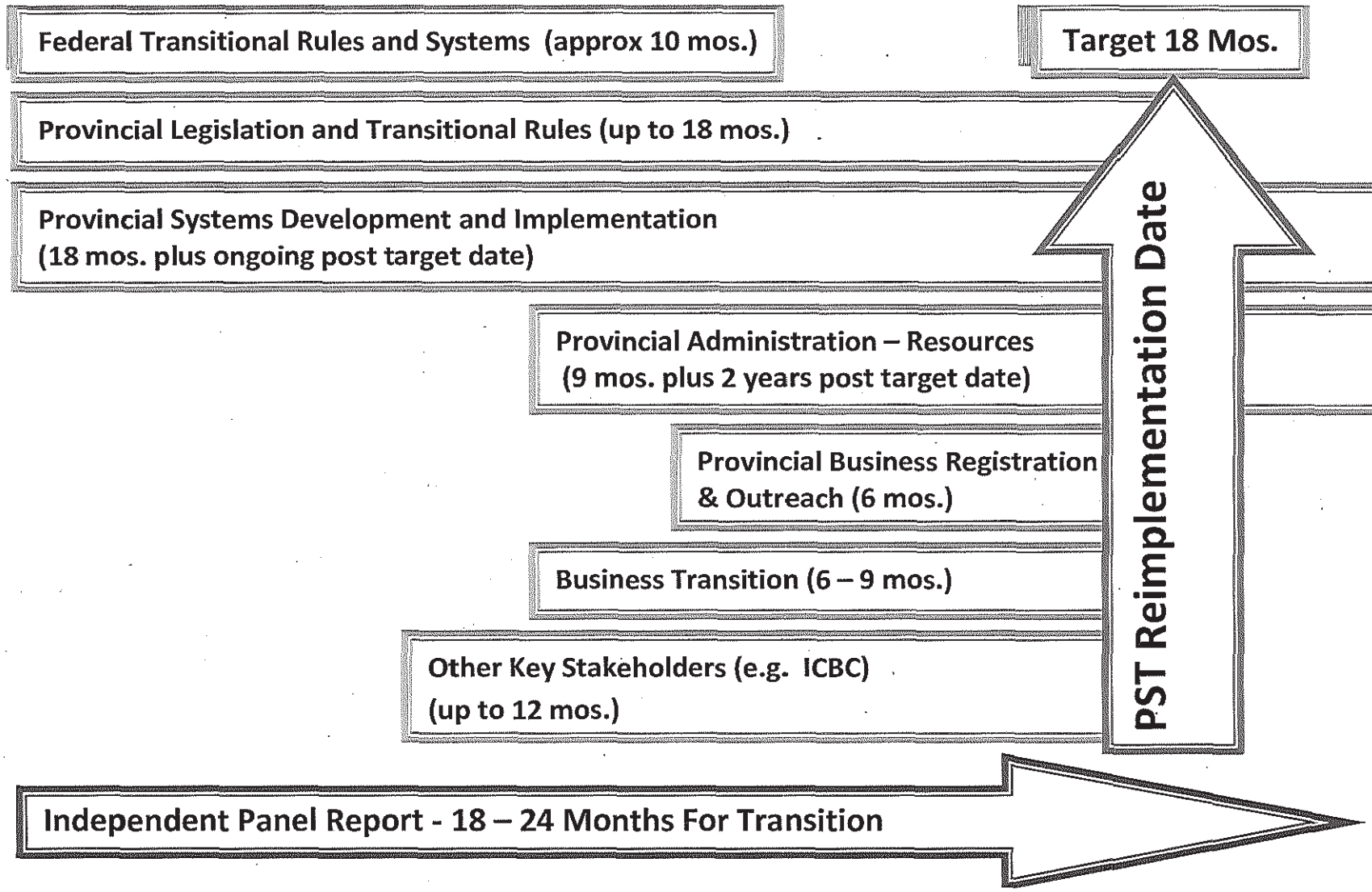
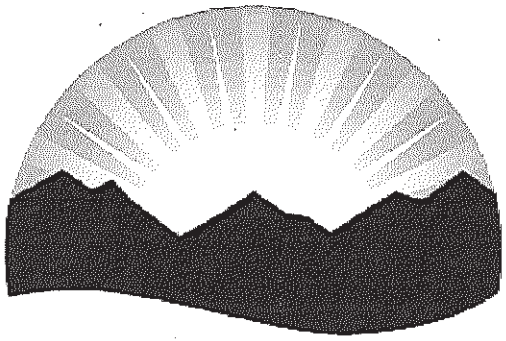
Target Timeline to Re-implement PST (est. months)



Public Consultation

- Budget Consultation process initiated with release of First Quarterly Report, Sept. 2011
- Finance minister consultations

Pages 31 through 32 redacted for the following reasons:
- -
S12



BRITISH
COLUMBIA

Minister of Finance Presentation to Cabinet

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Ministry of Finance

September 7, 2011

Agenda

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First Quarterly Report
2011/12

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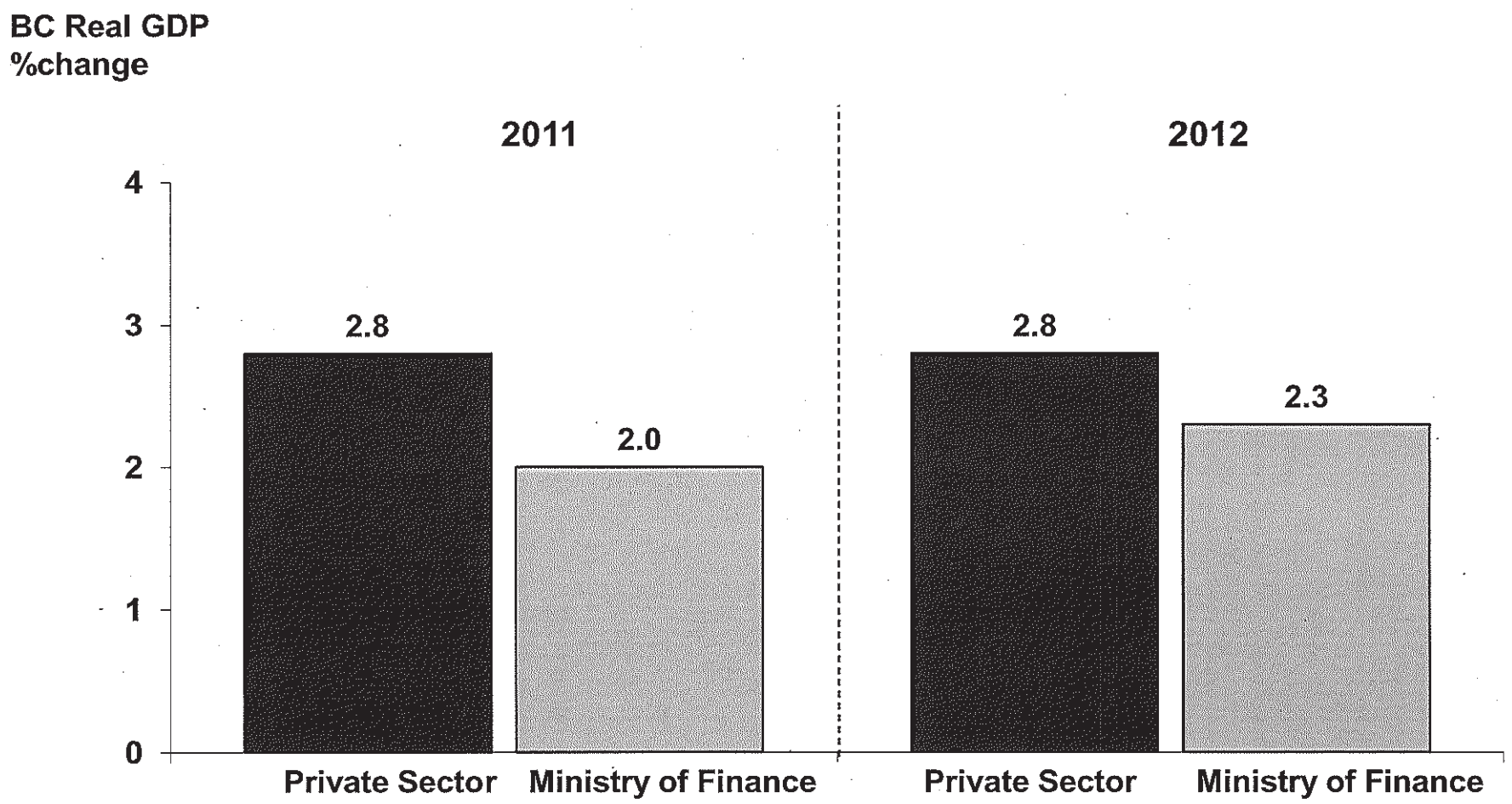

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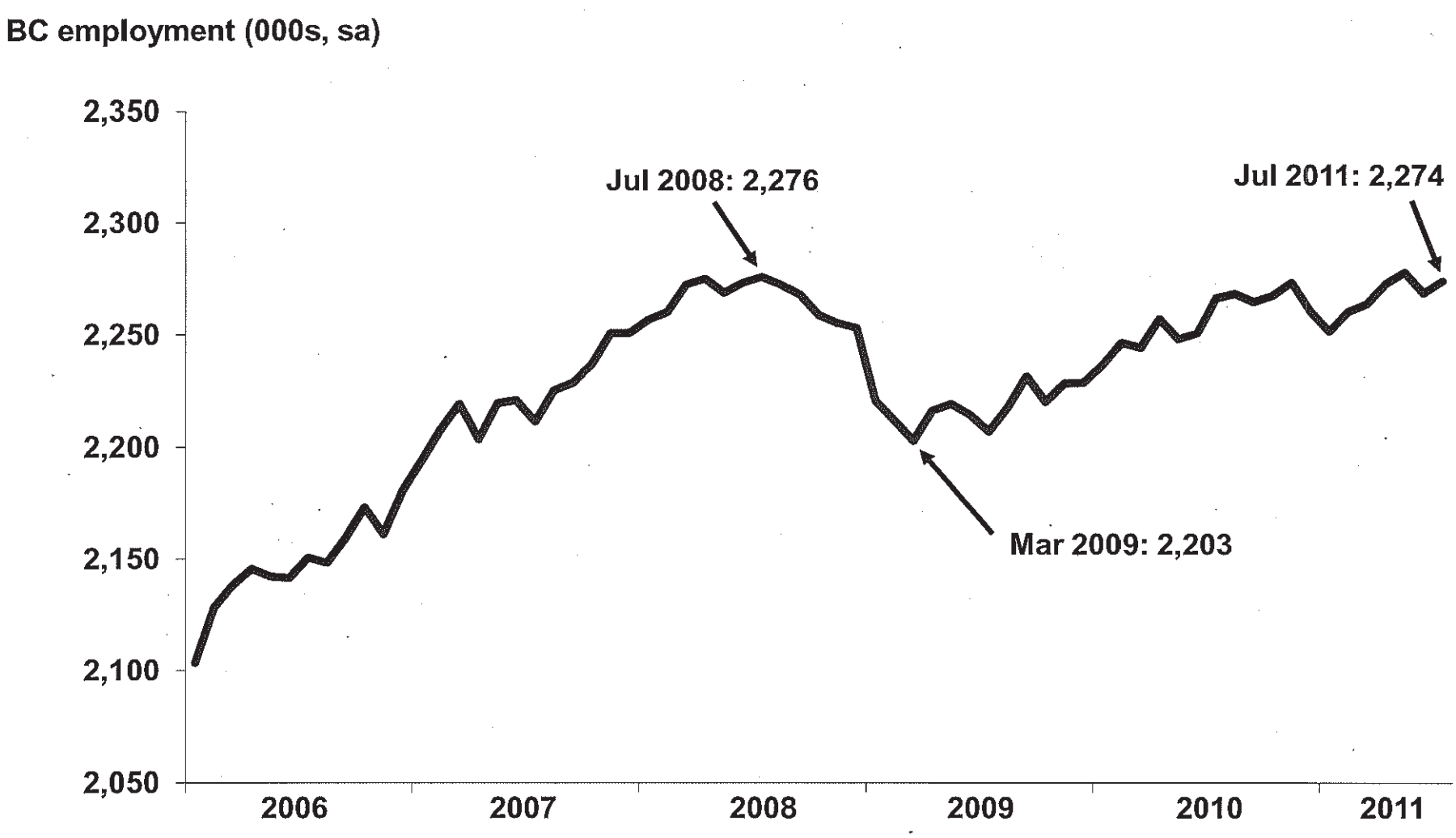

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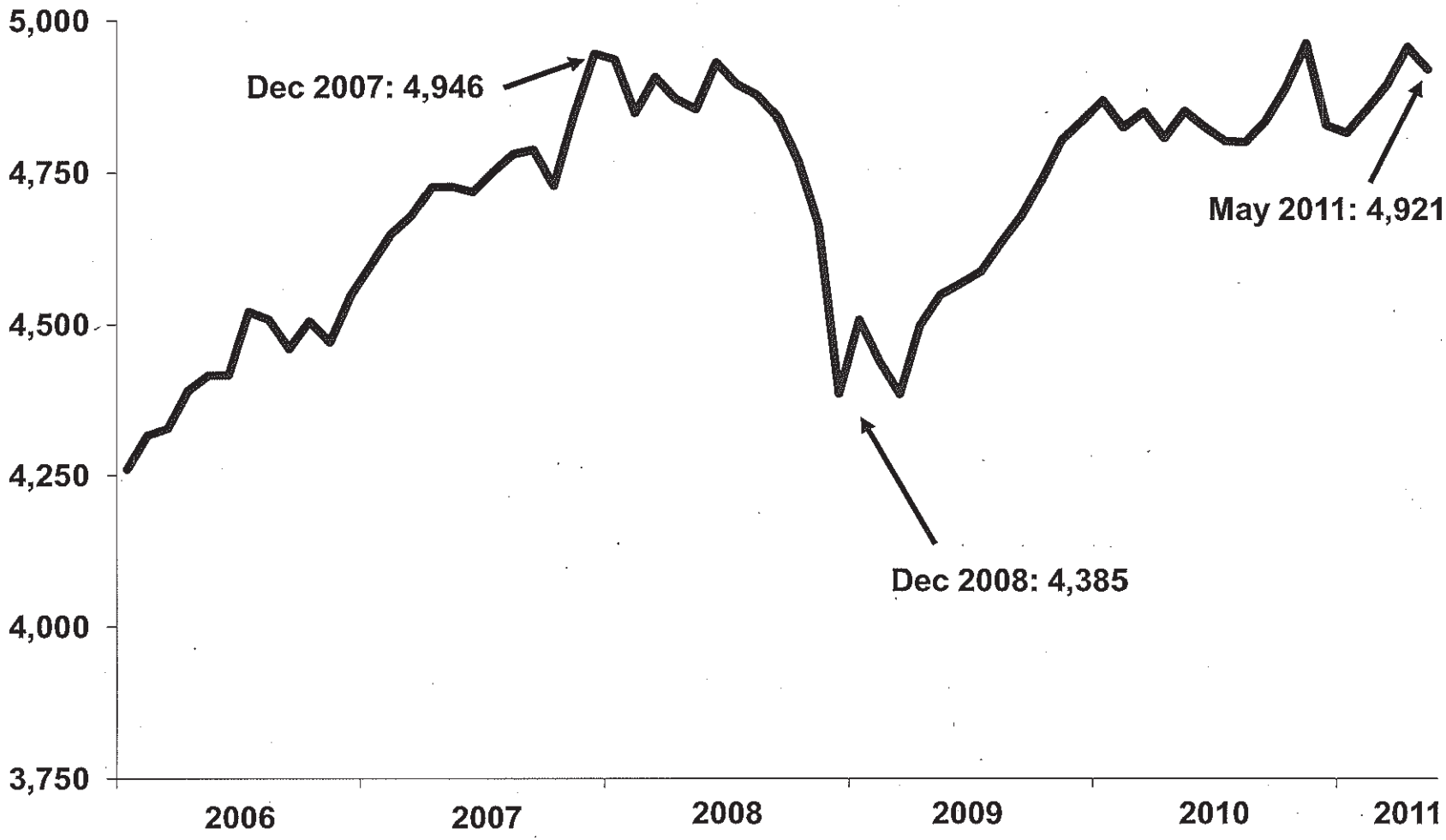

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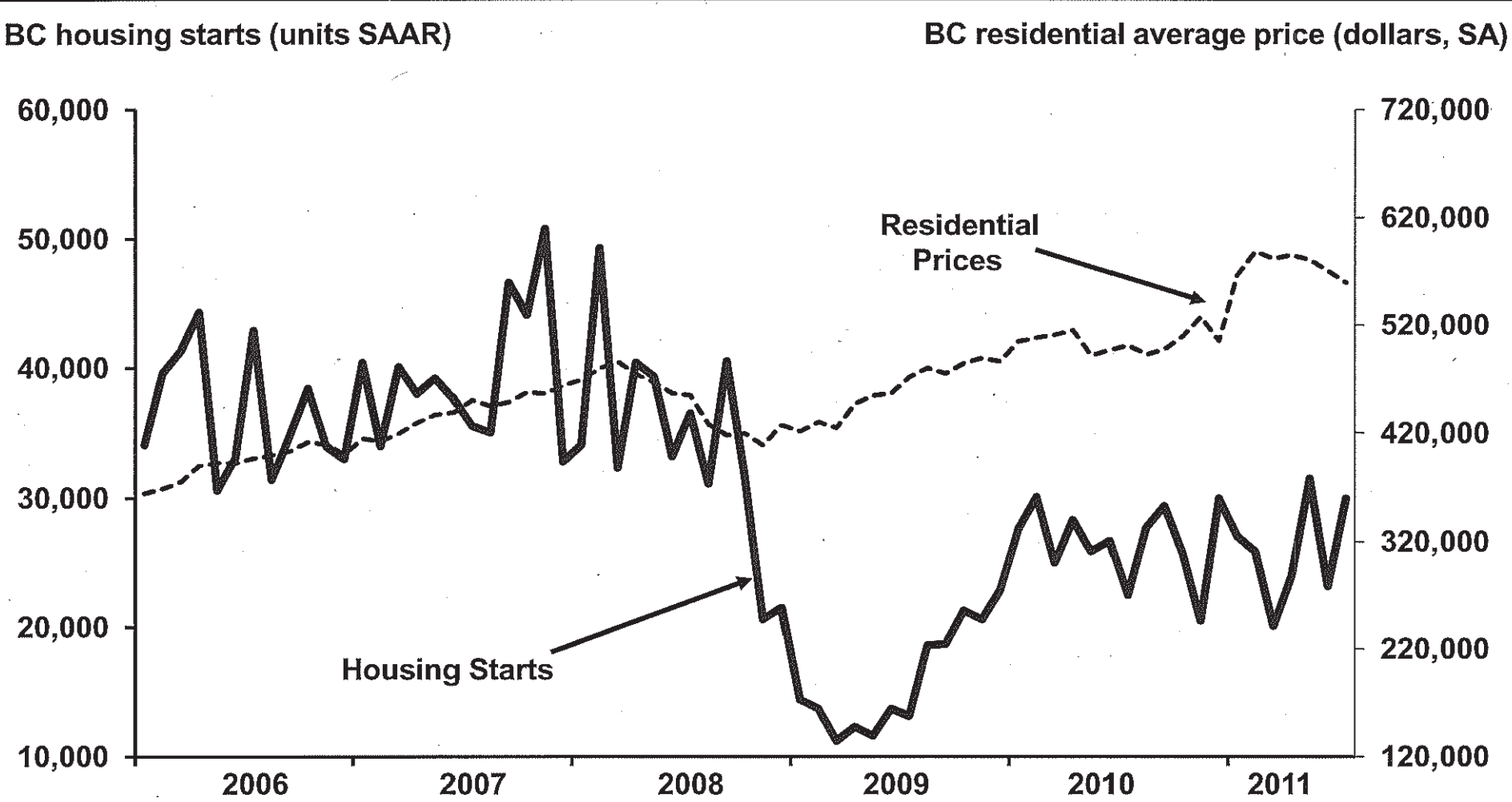

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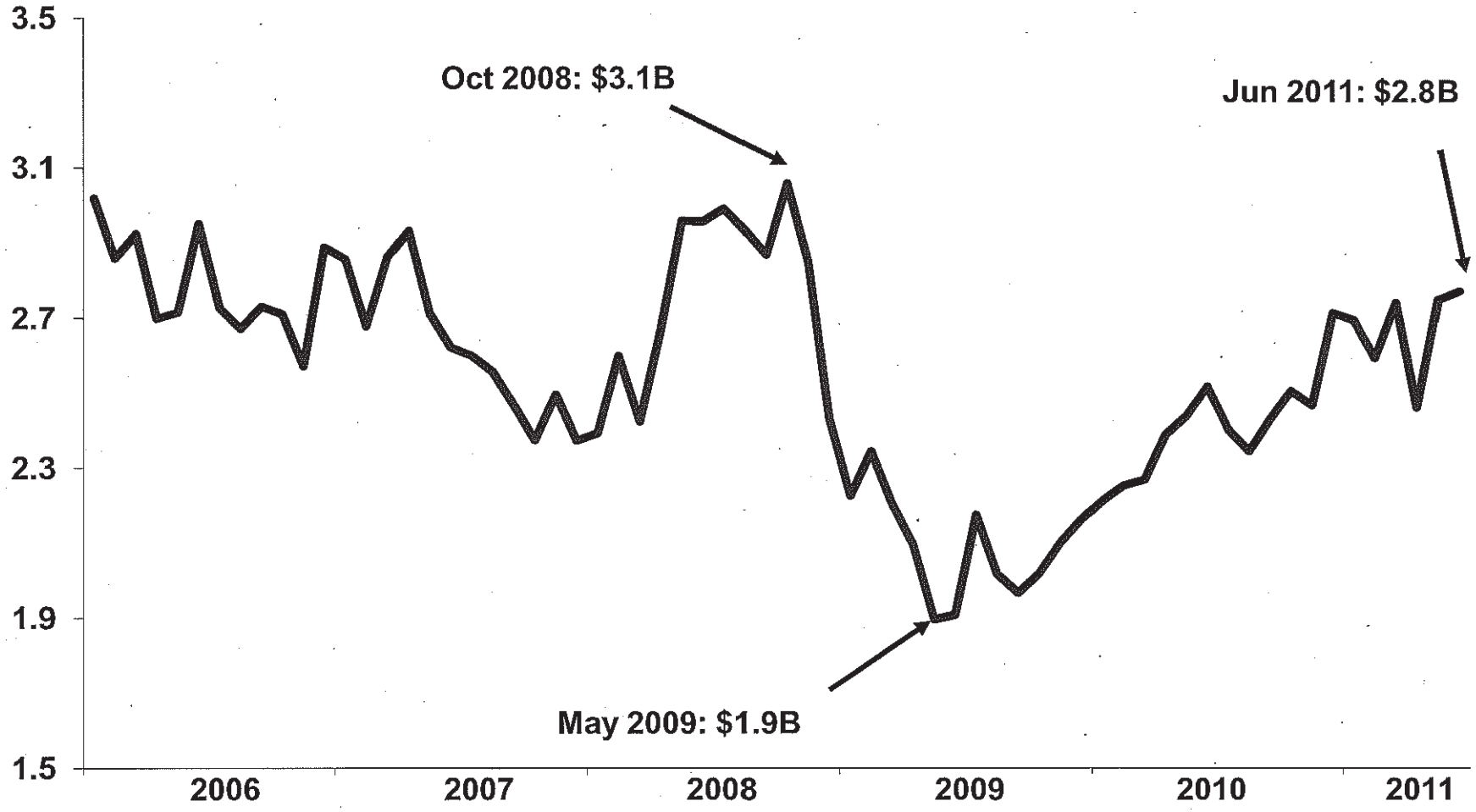

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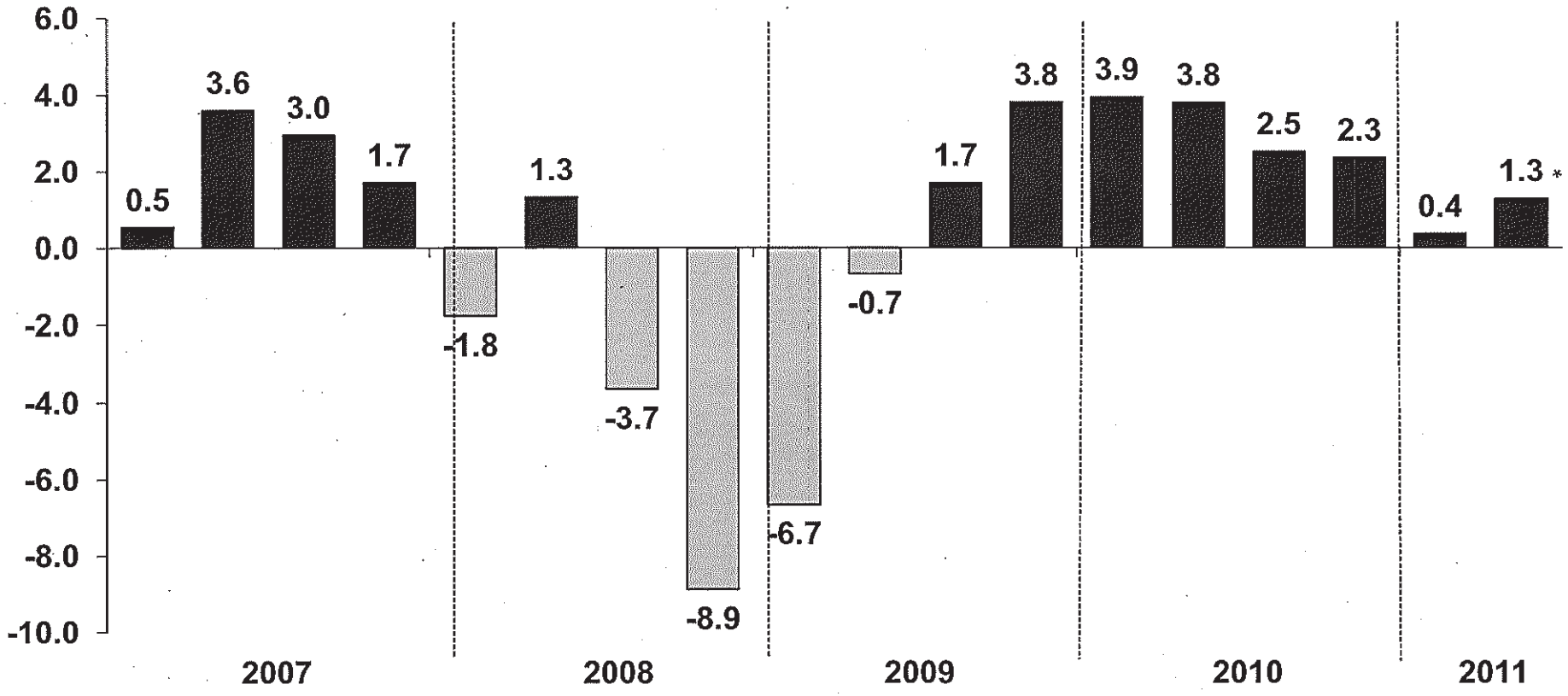

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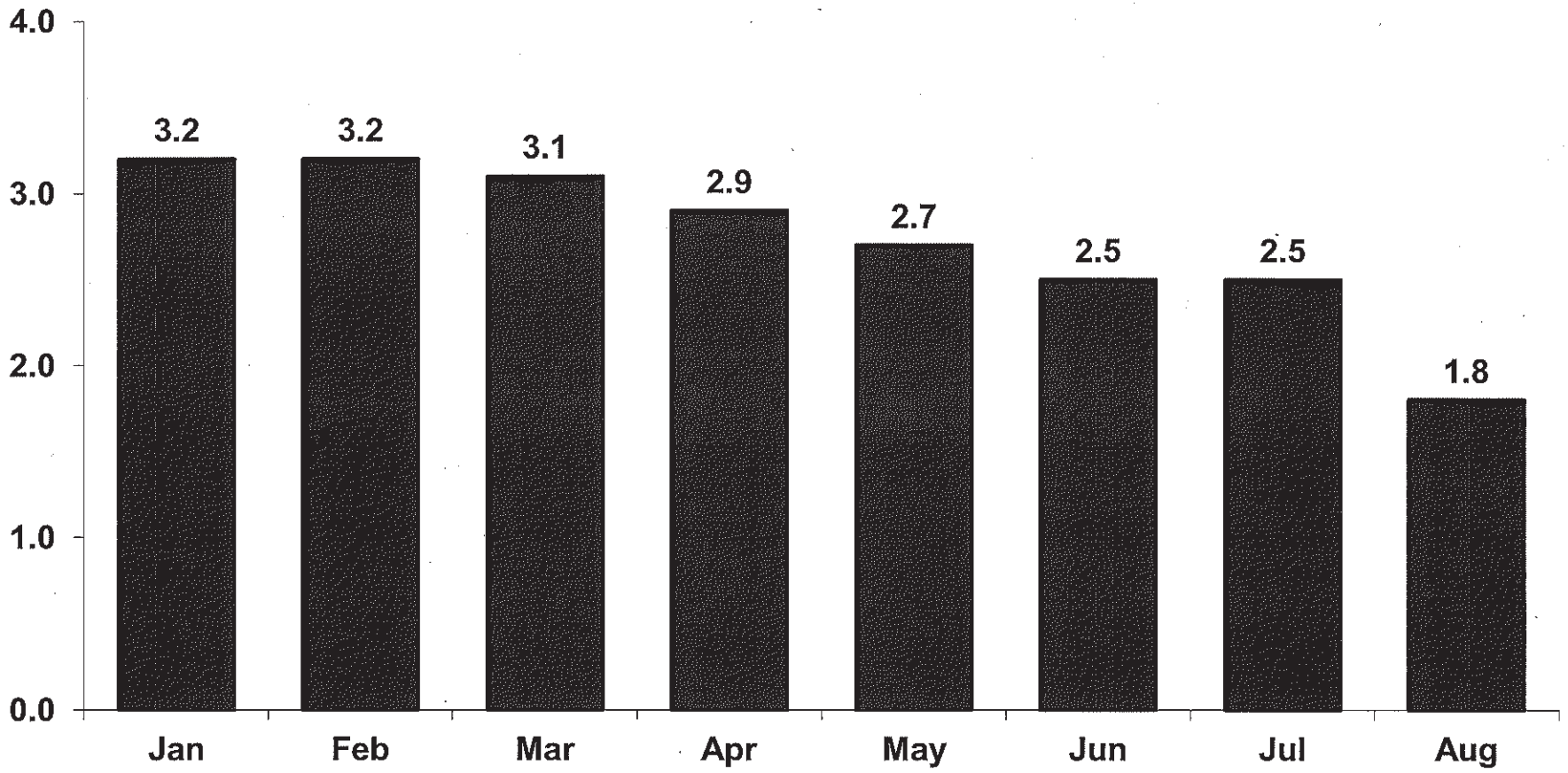

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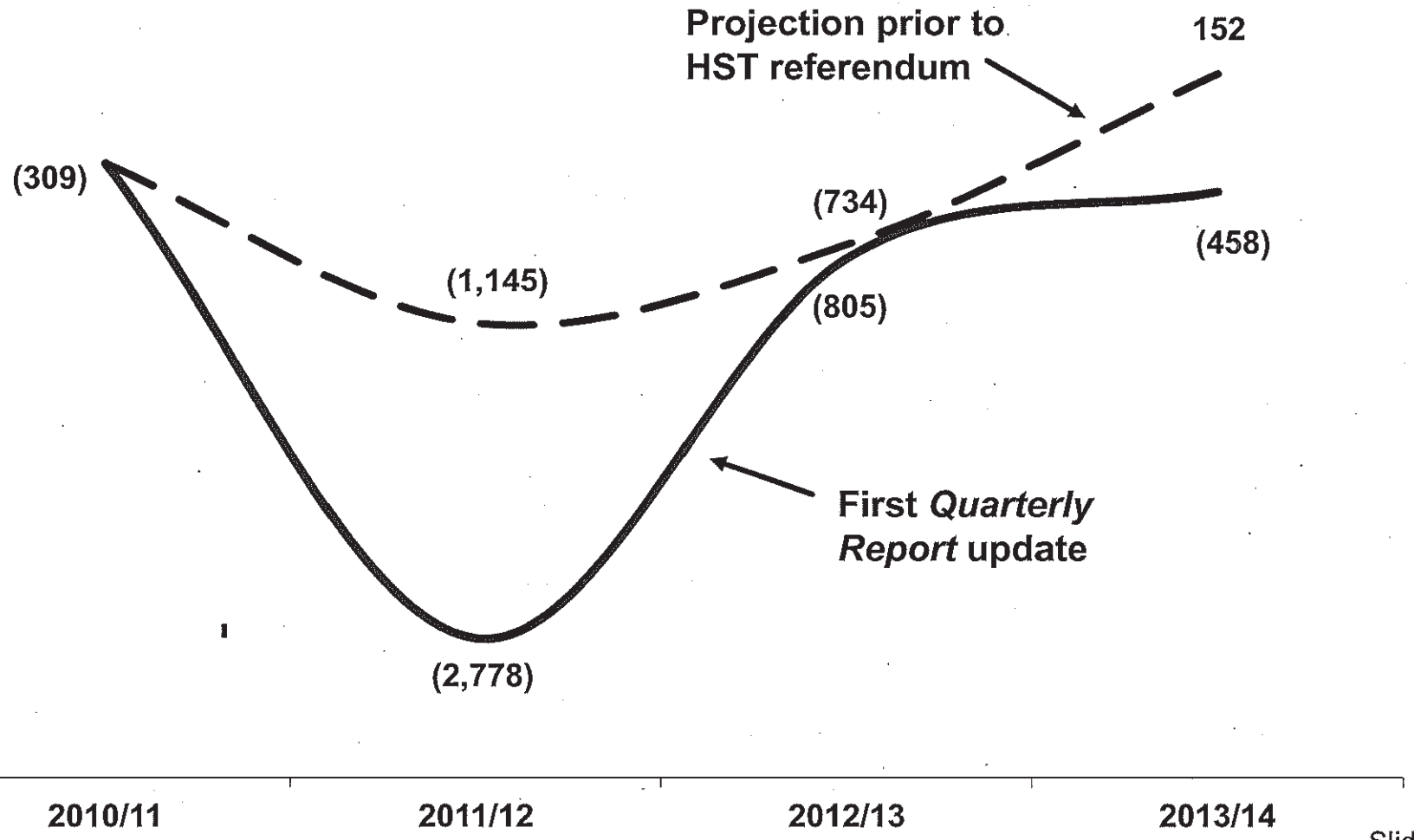

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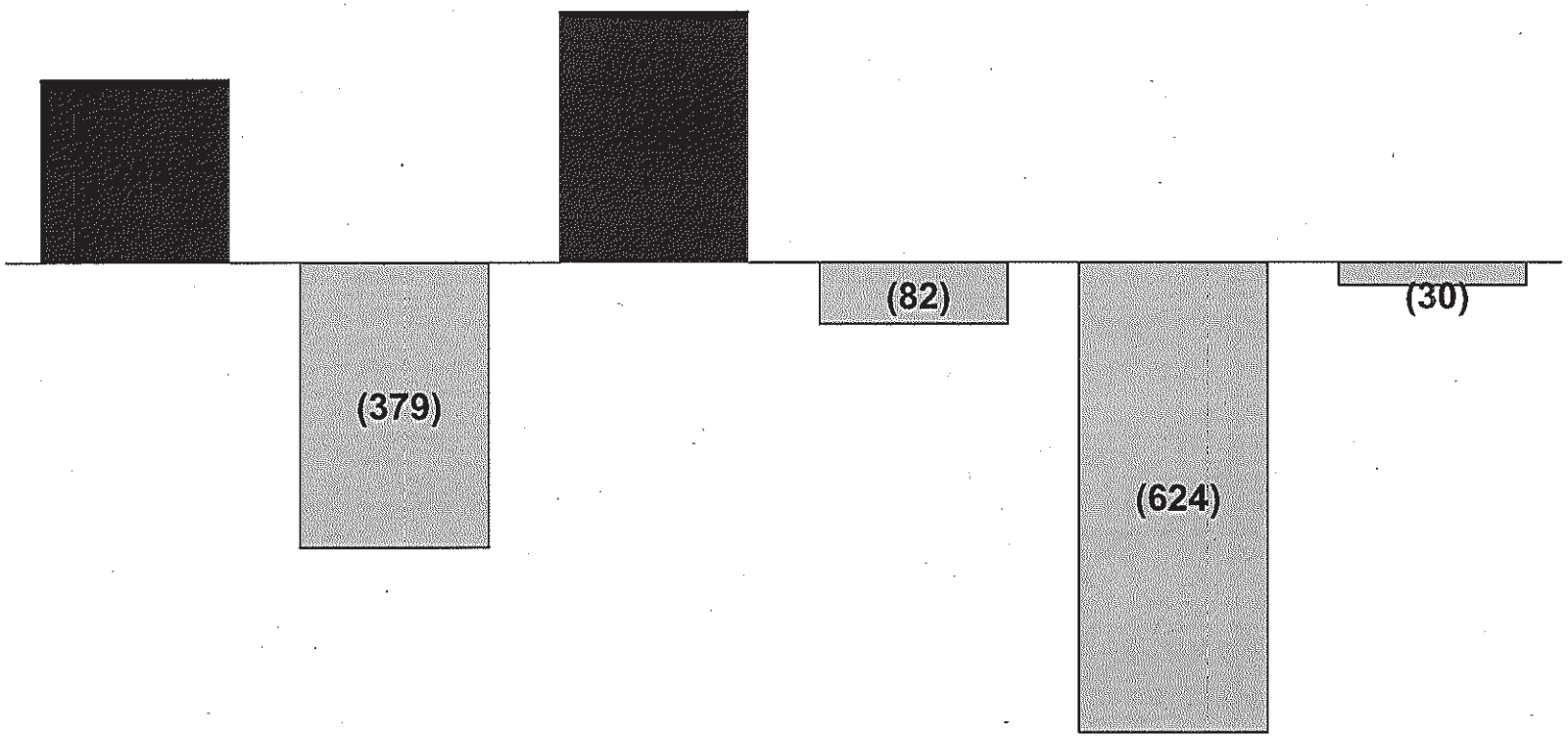

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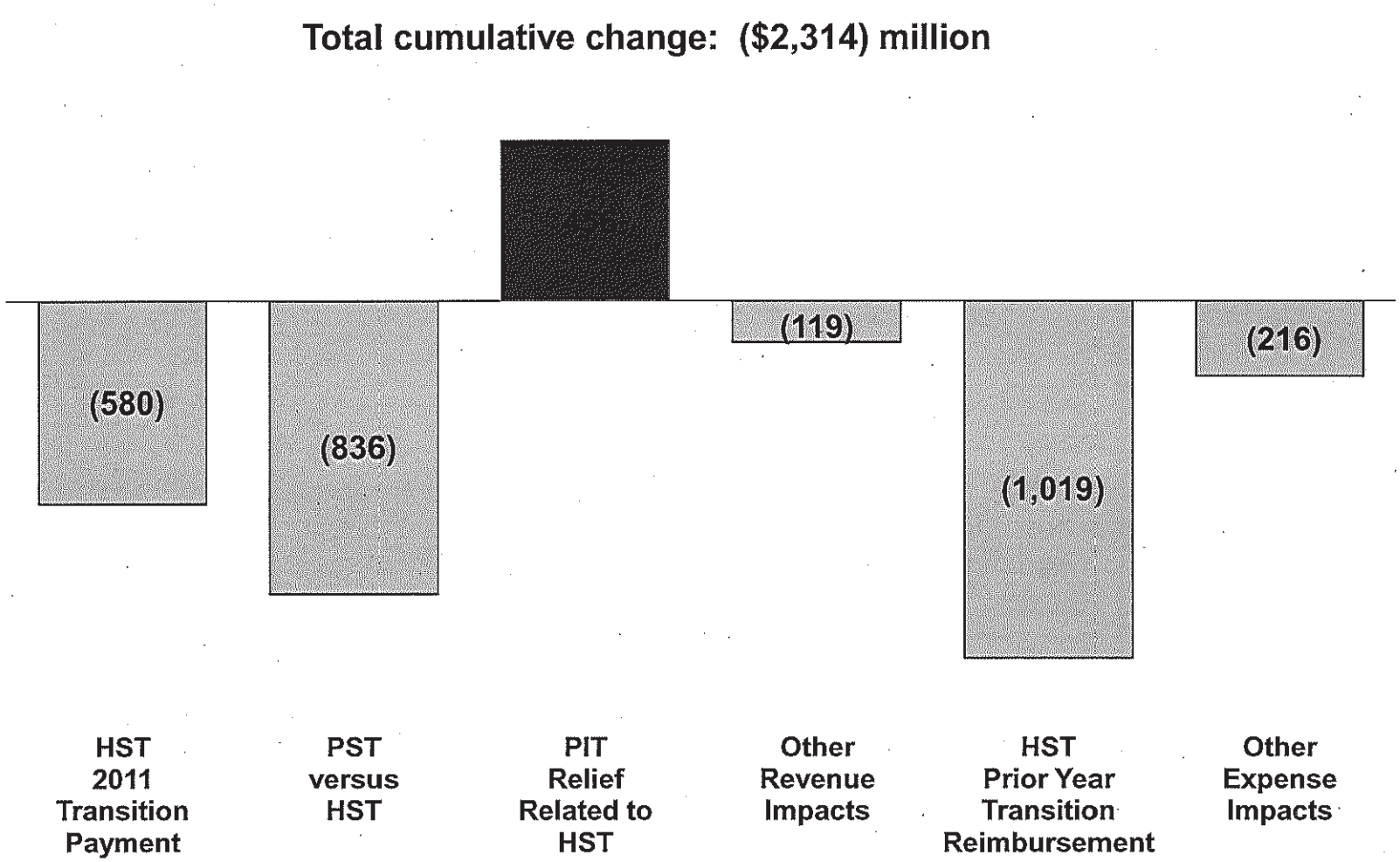

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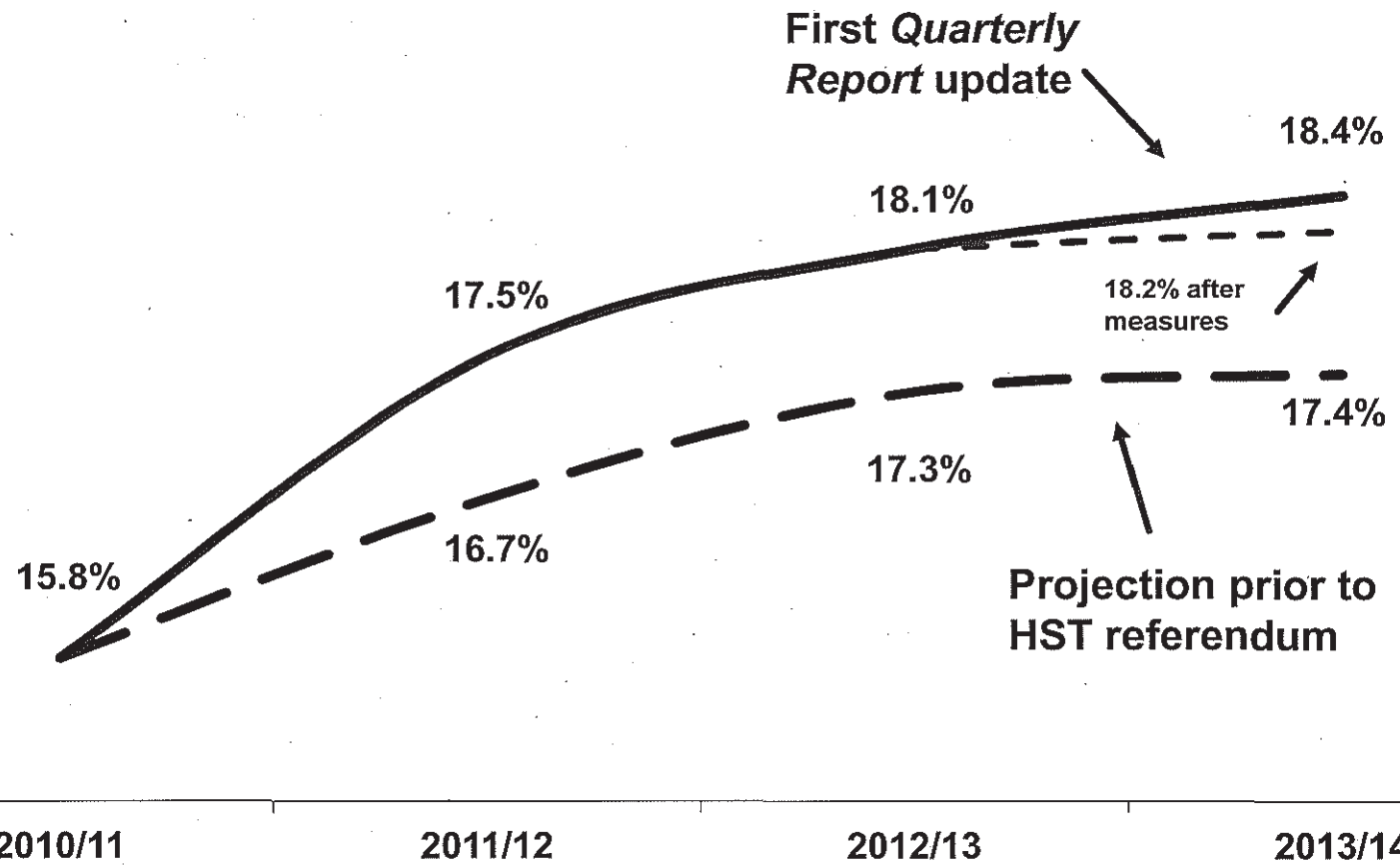

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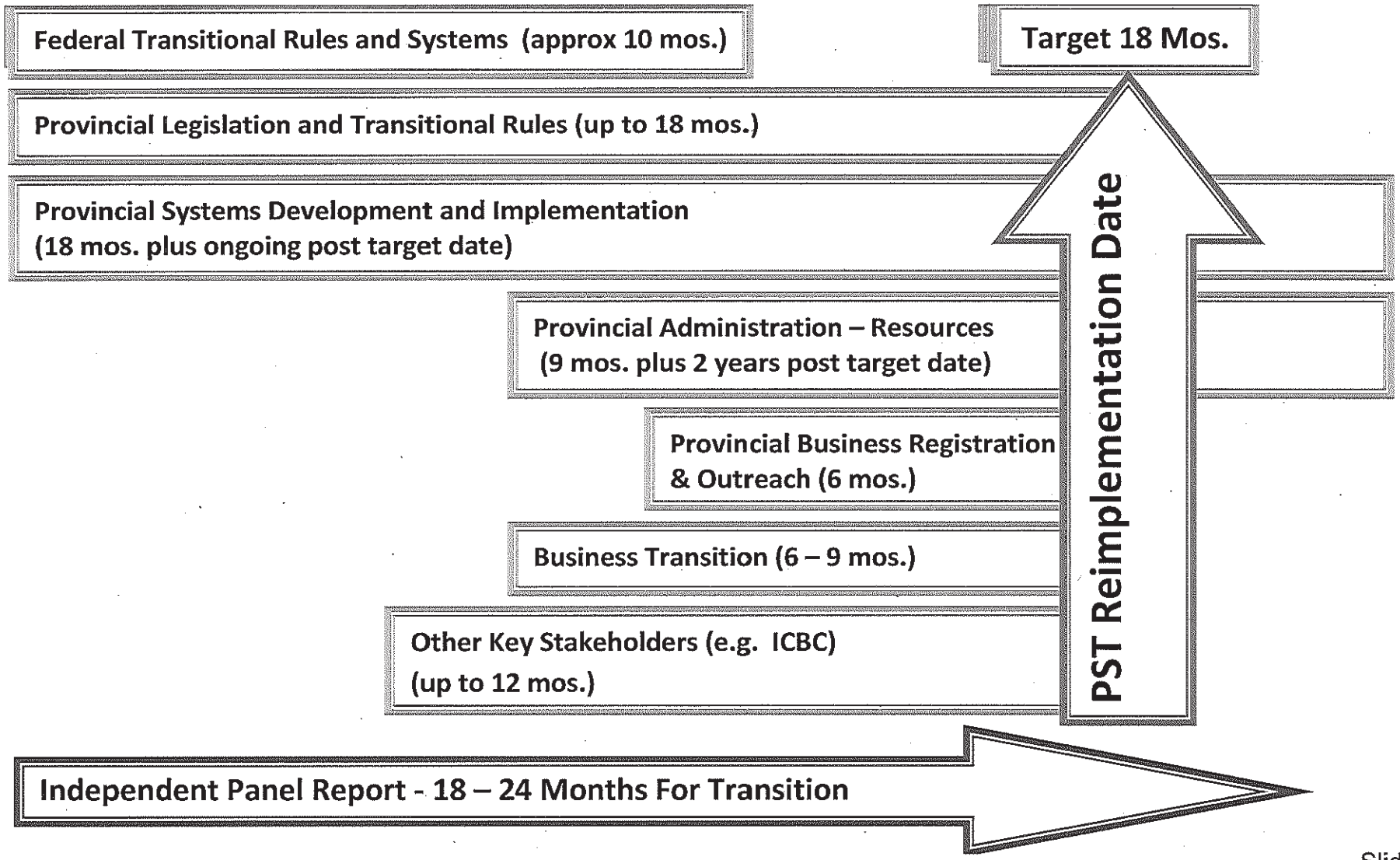

Public Consultation

- Budget Consultation process initiated with release of First Quarterly Report, Sept. 2011

- Finance minister consultations

Pages 56 through 57 redacted for the following reasons:
- -
S12

Hougham, Alison FIN:EX

From: Marshall, Thomas [Thomas.Marshall@leg.bc.ca]
Sent: Friday, August 26, 2011 12:09 PM
To: Briggs, Taylor LASS:EX; Hayer personal; XT:Hayer, D LP:IN; Hayer.MLA, Dave LASS:EX; Mark Rushton 2; Milne, Britney LASS:EX; Rushton, Mark LASS:EX; Dickinson, Carolyn LASS:EX; XT:Hogg, G LP:IN; Hogg.MLA, Gordon LASS:EX; Logan, Verna LASS:EX; matt.pitcairn@bcliberals.com; Paterson, Kathy P LASS:EX; Pruden, Christie LASS:EX; Delisle, Corrie FIN:EX; Falcon.MLA, Kevin LASS:EX; Hougham, Alison FIN:EX; Howard, Samantha A FIN:EX; Richards, Joanna D FIN:EX; Sutherland, Aaron FIN:EX; Van Russum, Linda LASS:EX; Warren, Keira FIN:EX; Westover, Natasha S LASS:EX; XT:Hansen, C LP:IN; Lieblich, Kenneth LASS:EX; Mark Robertson; Heed, Kash; Kadian, Loussine B LASS:EX; Wolford, Jessica LASS:EX; dar Santos, Adrian LASS:EX; Ho, Yvonne LASS:EX; Lee, Chantal LASS:EX; MacDiarmid, Margaret; Wizinsky, Jennifer LASS:EX; Garvey, Cris LASS:EX; Jangula, Craig A LASS:EX; MacLean, Debbie MCF:EX; Manning, John MCF:EX; McNeil, Mary; Richmond, Valerie D MCF:EX; Fine, Susan F LASS:EX; Housley, Clarke C LASS:EX; Stilwell, Moira; Cadieux, Stephanie; Cadieux, Stephanie LCTZ:EX; Cadieux.MLA, Stephanie LASS:EX; Crowson, Sharon LASS:EX; Gill, Manjit LASS:EX; King, Wendy L LCTZ:EX; McKnight, Valerie LCTZ:EX; Owens, Alicia LCTZ:EX; Sproule, Spencer PREM:EX
Subject: HST Results
Attachments: HSTResults.xlsx

Hi,

FYI attached are the riding by riding results.

Cheers.

Thomas Marshall
Communications Officer
BC Government Caucus
250 387 8589

Connect with Caucus
Website: www.governmentcaucus.bc.ca
Twitter: www.twitter.com/BCLiberalCaucus
YouTube: www.youtube.com/BCGovCaucus

Electoral District	Yes Votes	Yes %	No Votes	No %	Total Valid Votes
West Vancouver-Capilano	8620	35.48%	15676	64.52%	24296
Vancouver-Quilchena	7944	37.60%	13181	62.40%	21125
West Vancouver-Sea to Sky	6621	39.22%	10262	60.78%	16883
North Vancouver-Seymour	8717	39.41%	13403	60.59%	22120
Vancouver-Point Grey	7878	41.89%	10930	58.11%	18808
Abbotsford South	7573	43.28%	9925	56.72%	17498
Kamloops-South Thompson	10025	44.09%	12711	55.91%	22736
Kelowna-Mission	10125	44.42%	12670	55.58%	22795
Vancouver-False Creek	6888	44.43%	8615	55.57%	15503
Abbotsford-Mission	8214	45.37%	9892	54.63%	18106
Surrey-White Rock	11187	45.53%	13386	54.47%	24573
Fort Langley-Aldergrove	11148	45.84%	13171	54.16%	24319
Westside-Kelowna	9623	46.30%	11161	53.70%	20784
Delta South	9889	46.46%	11396	53.54%	21285
Nechako Lakes	3626	46.68%	4141	53.32%	7767
Kelowna-Lake Country	10606	46.90%	12007	53.10%	22613
Vancouver-Fairview	8502	47.21%	9508	52.79%	18010
Surrey-Cloverdale	12303	47.55%	13572	52.45%	25875
North Vancouver-Lonsdale	9610	48.16%	10344	51.84%	19954
Abbotsford West	7740	48.54%	8207	51.46%	15947
Oak Bay-Gordon Head	10738	48.60%	11356	51.40%	22094
Langley	11850	48.67%	12500	51.33%	24350
Chilliwack	9572	49.03%	9949	50.97%	19521
Chilliwack-Hope	8991	49.65%	9118	50.35%	18109
Shuswap	11130	49.84%	11202	50.16%	22332
Peace River North	4407	50.02%	4403	49.98%	8810
Penticton	11489	50.49%	11267	49.51%	22756
Port Moody-Coquitlam	9677	50.85%	9353	49.15%	19030
Vernon-Monashee	12581	50.92%	12127	49.08%	24708
Saanich North and the Islands	14162	51.35%	13419	48.65%	27581
Parksville-Qualicum	13933	51.57%	13086	48.43%	27019
Saanich South	12370	52.52%	11183	47.48%	23553
Surrey-Panorama	12087	53.33%	10577	46.67%	22664
Comox Valley	14759	53.45%	12853	46.55%	27612
Stikine	3300	53.55%	2863	46.45%	6163
Vancouver-West End	8354	53.92%	7139	46.08%	15493
Coquitlam-Maillardville	11973	54.63%	9942	45.37%	21915
Kamloops-North Thompson	10779	54.73%	8916	45.27%	19695
Nanaimo	11661	55.16%	9478	44.84%	21139
Richmond-Steveston	13086	55.19%	10623	44.81%	23709
Fraser-Nicola	6720	55.25%	5442	44.75%	12162
Cowichan Valley	13276	55.55%	10623	44.45%	23899
Port Coquitlam	11483	55.61%	9168	44.39%	20651
Victoria-Beacon Hill	11312	55.76%	8976	44.24%	20288
Maple Ridge-Mission	10724	55.80%	8495	44.20%	19219
Coquitlam-Burke Mountain	10369	55.85%	8196	44.15%	18565

Maple Ridge-Pitt Meadows	11652	56.88%	8833	43.12%	20485
Cariboo-Chilcotin	6361	56.90%	4818	43.10%	11179
Prince George-Mackenzie	8904	56.92%	6738	43.08%	15642
New Westminster	13748	57.33%	10234	42.67%	23982
Victoria-Swan Lake	11068	57.73%	8103	42.27%	19171
Esquimalt-Royal Roads	12073	57.96%	8758	42.04%	20831
North Island	11952	57.97%	8666	42.03%	20618
Powell River-Sunshine Coast	12197	58.24%	8745	41.76%	20942
Delta North	11479	58.44%	8163	41.56%	19642
Prince George-Valemount	9566	58.73%	6722	41.27%	16288
Burnaby-Lougheed	11426	58.77%	8016	41.23%	19442
Peace River South	4073	58.82%	2852	41.18%	6925
Cariboo North	7131	58.96%	4964	41.04%	12095
Surrey-Tynehead	10736	59.47%	7316	40.53%	18052
Boundary-Similkameen	9679	59.48%	6593	40.52%	16272
Burnaby North	12956	60.34%	8516	39.66%	21472
Nanaimo-North Cowichan	13779	60.83%	8871	39.17%	22650
Kootenay East	9629	60.87%	6191	39.13%	15820
Vancouver-Langara	11842	61.65%	7365	38.35%	19207
Juan de Fuca	12600	62.50%	7559	37.50%	20159
Burnaby-Deer Lake	11097	62.62%	6625	37.38%	17722
Surrey-Fleetwood	11370	63.10%	6649	36.90%	18019
Richmond Centre	12922	63.77%	7343	36.23%	20265
Nelson-Creston	8966	63.83%	5081	36.17%	14047
Vancouver-Mount Pleasant	9840	63.85%	5571	36.15%	15411
Alberni-Pacific Rim	10665	63.90%	6024	36.10%	16689
Burnaby-Edmonds	11827	64.55%	6494	35.45%	18321
Richmond East	14808	65.58%	7771	34.42%	22579
Vancouver-Fraserview	15674	66.01%	8072	33.99%	23746
Columbia River-Revelstoke	8248	66.19%	4214	33.81%	12462
Skeena	6354	66.74%	3167	33.26%	9521
Vancouver-Hastings	13170	66.86%	6529	33.14%	19699
North Coast	4131	67.18%	2018	32.82%	6149
Surrey-Whalley	10943	68.88%	4944	31.12%	15887
Vancouver-Kensington	13559	69.48%	5955	30.52%	19514
Kootenay West	11797	69.62%	5148	30.38%	16945
Surrey-Newton	10826	72.22%	4165	27.78%	14991
Vancouver-Kingsway	13701	72.45%	5211	27.55%	18912
Surrey-Green Timbers	10827	75.51%	3511	24.49%	14338
Totals	**881198**	**54.73%**	**728927**	**45.27%**	**1610125**