

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance

Date Requested: October 04, 2017
Date Required: N/A

Initiated by: Jordan Goss,
Executive Director,
Consumer Taxation and
Programs Branch

Date Prepared: October 19, 2017

**Ministry
Contact:** Samantha Sherman
Director, Policy, Rulings
and Services

Phone Number: 778 698-8893

Email: Samantha.Sherman@gov.bc.ca

Cliff #: 361563

TITLE: Remission Order – Motor Vehicle Returned to Manufacturer (Volkswagen)
Tax Remission Regulation

PURPOSE:

(X) FOR DECISION

COMMENTS: This is a request for a decision regarding a remission order under the authority of section 19 of the *Financial Administration Act* for tax paid by the class of taxpayers who have returned motor vehicles to the manufacturer, Volkswagen, as a result of a settlement agreement, and have received refunds or credits of all or a portion of the purchase price from Volkswagen. This remission would enable the payment of refunds that are not provided for under the *Provincial Sales Tax Act*.

DATE PREPARED: October 19, 2017

TITLE: Remission Order – Motor Vehicle Returned to Manufacturer (Volkswagen)

ISSUE: Insufficient refund authority to provide a refund of tax on all motor vehicles returned to the manufacturer (Volkswagen) under the class action settlement agreements.

BACKGROUND:

Purchasers of defective models of Volkswagen and Audi motor vehicles launched class action law suits against the Volkswagen group of companies, made up of Volkswagen Group Canada, Inc., Volkswagen Group of America, Inc., Volkswagen Aktiengesellschaft, Audi Canada, Inc., Audi of America Inc., Audi Aktiengesellschaft and VW Credit Canada, Inc. (Volkswagen). As a result of the terms of settlement agreements, purchasers may return their vehicles to Volkswagen for a refund or credit of all or a portion of the purchase price. This is referred to as a “buy-back”. The terms of the settlements allow for buy-backs of new or used impacted vehicles with model years ranging from 2009 to 2015. Purchasers have until September 1, 2018 to make a submission for a claim.

Section 154 of the *Provincial Sales Tax Act* (PSTA), *Motor vehicle returned to manufacturer*, requires the administrator of the PSTA (the director) to refund to the purchaser of a defective vehicle the amount of PST paid which is attributable to the purchase price refunded or credited by the manufacturer as the result of an independent and impartial third party dispute resolution process.

The refund provision is subject to the limits imposed under section 166 of the PSTA, *Refund Limits*, which includes a prohibition on the provision of a refund on a claim that is received by the director more than four years after the amount claimed was paid or remitted.

Some of the Volkswagen refund requests submitted to the Ministry of Finance (FIN) to date include purchases where PST was paid made more than four years ago and are therefore not eligible for a refund under the PSTA. In addition, some of the refund claims are for tax paid prior to July 1, 2010, under the repealed *Social Service Tax Act* (SSTA) or tax was paid on or after July 1, 2010 and before April 1, 2013 under the repealed *Consumption Tax Rebate and Transition Act* (CTRTA). There is currently no refund authority for these tax payments. FIN has already received complaints from purchasers who are currently ineligible for a refund.

FIN anticipates that many additional future refund claims would have to be denied on the basis of the lack of refund authority, unless a remission for these tax amounts is provided.

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Withheld pursuant to/removed as

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APPROVED / NOT APPROVED

Carole James
Minister

Date

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested: October 26, 2017
Date Required: **November 1, 2017**

Date Prepared: October 15, 2017

Initiated by: Carl Fischer
A/Comptroller General
Ministry of Finance

Phone Number: (250) 387-6692
Email: Carl.Fischer@gov.bc.ca

Ministry Contact: Tamara McLeod
Executive Director
Financial Management Branch
Office of the Comptroller General

Phone Number: (250) 216-6057
Email: Tamara.McLeod@gov.bc.ca

Cliff #: 361718

TITLE: Request for the Minister's electronic signature for specific documents.

PURPOSE:

(X) DECISION REQUIRED

The Financial Management branch would like to request the Ministers electronic signature for use on 23 Financial Management Certificate Program graduation certificates.

COMMENTS:

Executive Director approval: _____

Comptroller General approval: _____

DM approval: _____

DATE PREPARED: October 26, 2017

TITLE: Request for the Minister's electronic signature for use on 23 Financial Management Certificate Program graduation certificates.

ISSUE: The Financial Management branch would like to request the Ministers electronic signature for use on 23 Financial Management Certificate Program graduation certificates.

BACKGROUND:

- The Financial Management Certificate Program is administered and sponsored by the Office of the Comptroller General, and supported by the Learning Centre at the BC Public Service Agency. The Financial Management Certificate Program endorses a course of studies for government employees, which provides training in the government system of financial management and control, encourages and recognizes upgrading of professional accounting qualifications establishes a recognized paraprofessional standard for junior and intermediate financial and audit officer positions.
- A graduation will be held on November 28, 2017 for the 34th graduating class of the financial management certificate program.


DISCUSSION:

- The Financial Management Branch of the Office of the Comptroller General would like to present the 23 graduates with certificates signed by the Minister of Finance and the Comptroller General.
- An electronic version of the Ministers signature is requested for this purpose.
- The signature will be provided to the Queen's Printer to be used only for the 23 certificates being printed.

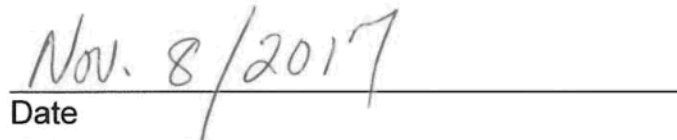
RECOMMENDATION: (only include this if the briefing note is for decision)

- Authorized Queen's Printer to use electronic version of Minister's signature on twenty-three (23) certificates for the 23 Financial Management Certificate Program graduation

APPROVED / NOT APPROVED



Carole James
Minister and Deputy Premier



Date



**Province of
British Columbia**

Financial Management Certificate

This certificate is awarded to

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*on successful completion of the requirements
established for the certificate under the*

Financial Management Certificate Program

*In testimony whereof we hereby affix
our signatures*



Minister of Finance

A/ Comptroller General

Certificate No. 418

Granted at Victoria,

British Columbia, on this 28th day of November 2017

**Ministry of Finance
Ministry of Citizens' Services**

BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance and
Deputy Premier
Date Requested: October 3, 2017
Date Required: October 31, 2017

Honourable Jinny Jogindera Sims
Minister of Citizens' Services

Initiated by: David Galbraith, Associate Deputy Minister (Finance)
Sarf Ahmed, Associate Deputy Minister (Citizens' Services)

Date Prepared: October 11, 2017

Contact: Sunny Dhaliwal, Assistant Deputy Minister, Real Property Division
Ministry: Ministry of Citizens' Services
Phone Number: 250-380-8311
Email: sunny.dhaliwal@gov.bc.ca

Cliff #: 361373

TITLE: Proposed enhancements to the process for managing surplus provincial assets

PURPOSE:
(X) DECISION REQUIRED

Executive Director approval: _____

ADM approval: _____

DM approval: _____

BACKGROUND:

The Strategic Real Estate Services (SRES) Branch of the Real Property Division (Ministry of Citizens' Services) facilitates the redeployment, and in some cases the divestiture, of assets that have been identified by their owners as surplus to their ministry's requirements and are valued at more than \$1 million.

Identifying and evaluating opportunities for redeployment of surplus assets, and in some cases divesting of these assets, is a standard function of prudent lifecycle real estate portfolio management that helps enable the Province to deliver better services to British Columbians.

Accordingly, the Province has periodically sold crown land properties from time to time. Examples include the Crown Land Opportunities sales program through the Forests, Lands, Natural Resource Operations, and Rural Development and its predecessor ministries, and the Ministry of Transportation and Infrastructure who regularly sell surplus land acquired for highway developments through the BC Transportation Finance Authority (BCTFA).

Other ministries such as the Ministry of Citizens' Services (CITZ – formerly BC Buildings Corporation) also have delegated authority to sell land under the *Public Agency Accommodation Act*, and have disposed of surplus properties over the years.

Historic data on sales across government shows that since 1981, almost 1,500 surplus government properties have been sold in BC. In the 1980s, 665 properties with a gross value of \$80 million were sold, and in the 1990s approximately \$500 million worth of properties were sold (excluding the SUCH sector – school districts, universities, colleges, and health authorities). During the 2000s, 406 properties were sold with a value of \$381 million.

The divestiture of surplus property is not unique to BC. Other jurisdictions in Canada including the Federal Government, and other western countries such as US and UK also regularly dispose of surplus properties. Most real estate organizations sell properties as part of the management of the portfolio.

In 2012, the Province initiated the Release of Assets for Economic Generation (RAEG) program to coordinate and oversee the ongoing sales of surplus assets across government, and undertake the corresponding consultations and negotiations with First Nations. To date, the RAEG program has delivered the following revenues:

- 13/14 \$310.79 million
- 14/15 \$125.79 million
- 15/16 \$358.33 million
- 16/17 \$256.71 million

Of the 145 sales completed to date by the program, 26 sales were to Local Governments, 5 sales were to First Nations, and 15 sales were to Non-profits / community based groups.

The following forecasts¹ for revenue generated from the sale of surplus land were built into *Budget 2017 Update*:

- FY 17/18 \$266 million
- FY 18/19 \$111 million
- FY 19/20 \$36 million

SRES also undertakes strength of claim research and analysis, and leads consultations and negotiations with First Nations on behalf of other ministries and agencies as part of the redeployment or divestiture process. ^{s.12,s.13}

s.12,s.13

In addition to the active consultations and negotiations currently underway with various First Nations, since 2012/ 2013 SRES has:

- Completed 17 benefits agreements with 21 First Nations around the Province.
- Negotiated \$188 million in accommodation payments (paid from the Contingencies Vote).

Central coordination of First Nations consultation and negotiation has resulted in more expedient outcomes, improved the consistency of government's approach, and has generally been welcomed by the First Nations as a more efficient means of consultation and negotiation.

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¹ This does not include interest revenues due to timing related to the Jericho Lands.

DISCUSSION:**PROPERTY SALES**

SRES tracks, coordinates, forecasts, oversees project timelines and reports to the Minister of Finance and Treasury Board on the cross-governmental approach to sales of surplus property valued in excess of \$1 million.

As per the *Inventory Policy for Real Property*, a property is identified as surplus when:

- The quantity and/or nature of demand is not sufficient to support substantial use and/or,
- The property is functionally ineffective relative to current or projected requirements and/or,
- The property is financially inefficient relative to available alternatives and/or,
- The property's condition has deteriorated and repair is uneconomical and/or,
- The property is not in alignment with the Consolidated Revenue Fund Entity's Service Plan, enabling legislation or supporting mandate of the organization.

Currently, a robust process is in place for managing surplus assets, and ensuring compliance with the *Inventory Policy for Real Property*. In recent months enhancements to these processes have been implemented, including an increased focus on exploring the potential of surplus properties to enable delivery of social benefits, as well as ongoing work to identify opportunities to build on the strength of the current consultation and negotiation process with First Nations. The enhanced due diligence has been established to determine whether surplus properties are needed for schools, affordable housing or other public infrastructure projects.

In order to further analyze the cost-benefit relationship between holding a property versus selling it, Real Property Division is currently compiling information on the revenue accrued to the Province on account of the sale of properties ever since the inception of the program and comparing the same with current market value of the properties. This information will be able by October 27, 2017, and will further inform the direction for the Program.

Once a property has been identified as surplus and it is confirmed it is not required for public infrastructure projects, SRES then works with local governments, First Nations and other community organizations to identify their interest, and in some cases facilitate direct sales or land exchanges for the benefit of those communities. Long-term horizon is considered while evaluating the requirement of the property for public use.

The divestiture of surplus property not only generates revenues and reduces holding costs for the Province; it can also deliver significant social benefits in communities around BC. By releasing property for development, new economic activity can occur, which generates significant economic benefits for local communities and governments

(e.g. job creation and corresponding increase to income tax revenues, new development resulting in increased property tax revenues) as well as potentially helping improve housing affordability by increasing the supply of market housing stock.

As an example, the redevelopment of Dogwood Pearson in Vancouver provided approximately \$300 million in revenue to the Province, but will deliver significant social and economic benefits to British Columbians.

Based on the approved rezoning proposal, as part of the negotiated Community Amenity Contributions (CACs) negotiated between the developer and the City of Vancouver the project will deliver new public amenities including:

- Approximately 2,700 new residential units, including 361 turnkey social housing units and land available to construct 179 social housing units
- Approximately 114 Pearson supportive units
- Health related facilities including a community health centre and complex residential care facility
- 69-space childcare facility
- Adult day centre
- Therapy pool
- 2.5 acre public park
- 1 acre urban farm
- Commercial space

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Appendix 1 provides images of the current Dogwood Pearson property and proposed development.

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EVOLUTION OF MANAGEMENT OF SURPLUS ASSETS

The current approach to managing surplus assets has evolved based on learnings from government's efforts to identify and divest of surplus assets. Beyond complying with the current *Inventory Policy for Real Property*, SRES has begun implementing enhancements to the current process for the management of surplus assets, by developing and employing the following five key principles:

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OPTIONS:

Option 1

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Pros:

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Cons:

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Option 2

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Pro:
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Cons:
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RECOMMENDATION:

- **Option 1**

APPROVED / NOT APPROVED



Carole James
Minister and Deputy Premier

Oct. 30 / 2017

Date



Jinny Jogindera Sims
Minister

6th Nov. 2017

Date

APPENDIX 1

Source: <http://vancouver.ca/home-property-development/pearson-dogwood.aspx>

**DOGWOOD PEARSON LANDS
CURRENT**

Compare the site now with the rezoning proposal

The illustration of the proposed development concept represents one interpretation of the Pearson Dogwood Policy Statement.
Copyright

PROPOSED

Compare the site now with the rezoning proposal

The illustration of the proposed development concept represents one interpretation of the Pearson Dogwood Policy Statement.
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