

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested: March 8, 2019

Initiated by: Lori Wanamaker
Deputy Minister

Date Prepared: March 8, 2019

Ministry Contact: Andrew Lee
Strategic Advisor
Tax Policy Branch

Phone Number: 778-698-8398
Email: Andrew.T.Lee@gov.bc.ca

Cliff#: 380482

TITLE: Climate Action Tax Credit Regulation

PURPOSE:

(X) DECISION REQUIRED

DATE PREPARED: March 8, 2019

TITLE: Climate Action Tax Credit Regulation

ISSUE: This Order in Council is required to increase the climate action tax credit, as announced in *Budget 2019*.

BACKGROUND:

This Order in Council (OIC) amends the Climate Action Tax Credit Regulation to increase the tax credit amount in July 2019, July 2020 and July 2021, as announced in *Budget 2019*.

DISCUSSION:

B.C. provides a refundable climate action tax credit to help offset the impact of the carbon taxes paid by low- and moderate-income individuals or families. Adults are eligible for an annual credit of \$135 and children are eligible for an annual credit of \$40. Single parents can receive the adult amount for their first child. The credit is paid out quarterly in equal amounts with the federal GST/HST tax credit.

In *Budget 2017 Update*, the government announced it will increase the carbon tax to \$40 per tonne of CO₂-equivalent emissions, effective April 1, 2019, \$45 per tonne effective April 1, 2020 and \$50 per tonne effective April 1, 2021. To help offset this increase for low-income families, *Budget 2019* announced an increase to the climate action tax credit amounts to \$154.50 for adults and \$45.50 for children, starting with the July 2019 tax credit payment, \$174 for adults and \$51 for children starting in July 2020, and \$193.50 for adults and \$56.50 for children starting in July 2021.

s.13

OPTIONS:

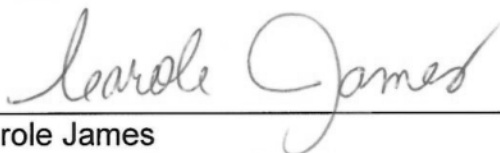
Option 1. Approve the amendment to the Climate Action Tax Credit Regulation and forward to Cabinet for consideration on May 8.

Option 2. Do not approve the proposed regulation.

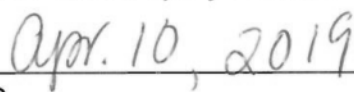
RECOMMENDATION:

Option 1. Approve the amendment to the Climate Action Tax Credit Regulation and forward to Cabinet for consideration on May 8.

APPROVED / NOT APPROVED



Carole James
Minister and Deputy Premier


Date

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Required: April 10, 2019

Initiated by: Richard Purnell
Executive Director
Tax Policy Branch

Date Prepared: March 20, 2019

Ministry Contact: Duncan Jillings
Director, Property Tax
Tax Policy Branch

Phone Number: 778 698-5796
Email: Duncan.Jillings@gov.bc.ca

Cliff #: 380052

TITLE: Police Tax OIC package

PURPOSE:
(X) FOR INFORMATION

DATE PREPARED: March 20, 2019

TITLE: Police Tax OIC package

ISSUE: The police tax rates need to be set for the 2019 tax year.

BACKGROUND:

The Province delivers police services in rural areas and municipalities with less than a 5,000 population by contract with the RCMP, and levies a police tax to recover some of the provincial share of service costs. The provincial share of the contract is 70 per cent; the federal share is 30 per cent.

Pursuant to the *Police Act*, tax rates are set each year to recover up to half of provincial rural and small municipal policing costs as estimated by the Ministry of the Attorney General. By policy, this revenue target is further reduced by adjustments for:

- Traffic fine revenue sharing
- Grants in lieu of police tax received by the province
- A tax rate reduction in rural areas in recognition of contributions to police costs through the *Taxation (Rural Area) Act*.

The traffic fine revenue sharing program delivers benefits in rural areas and small municipalities directly to property owners by reducing the police property tax rates. In medium and larger municipalities, the province pays grants to municipal governments.

DISCUSSION:

s.13; s.16

The police tax rates cannot be calculated until Tax Policy receives the revised roll from BC Assessment, expected March 29. s.13; s.16

s.13; s.16

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested: March 21, 2019
Date Required: April 10, 2019

Initiated by: Duncan Jillings
Director, Property Taxation
Tax Policy Branch

Date Prepared: March 21, 2019

Ministry Contact: Shauna Sundher
Strategic Advisor
Tax Policy Branch

Phone Number: 778-698-9051
Email: shauna.sundher@gov.bc.ca

Cliff #: 380113

TITLE: Leaseholders and additional school tax.

PURPOSE:
(X) DECISION REQUIRED

COMMENTS: s.13

s.13

s.13

Related to correspondence in CLIFF 369156.

DATE PREPARED: March 21, 2019

TITLE: Leaseholders and additional school tax.

ISSUE: s.13

BACKGROUND:

Leaseholders who lease from exempt owners are taxable occupiers and subject to property tax. They receive both assessment notices and tax notices directly from BC Assessment and their tax collector, identical to a fee simple owner. In contrast, lessees of taxable owners, such as lessees in Orchard House in James Bay, are not directly responsible for property tax, although their lease arrangement may require them to reimburse the owner for the owner's property tax expense.

Taxable leaseholders are responsible for property tax based on the full fee simple value of the property, which includes the leasehold interest and the residual interest of the owner.

Leaseholders have been unable to defer their property taxes since 2012. The additional school tax will be due, along with other property taxes, for the 2019 year on properties over \$3 million.

The *School Act* allows for exemption regulations made in 2019 to be retroactive for the 2019 taxation year.

DISCUSSION:

This note deals specifically with 14 properties leased from City of Vancouver near Locarno Beach. s.13

s.13

In the case of the 14 properties in the Locarno Beach area of Vancouver, the owner is the City and the City is exempt from tax. In this situation, the leaseholders are directly taxable and responsible for paying the additional school tax. In contrast, if the occupiers were leasing from a taxable owner, the owner is responsible for the additional school tax, if it applies.

s.13

;

The market valuation of a leasehold interest, not including the residual interest to the owner, depends in part on the remaining term of the lease. A lease with 99 years left has considerable leasehold value and little residual value for the owner. A lease with one year left has little leasehold value and the property value instead is almost entirely residual value for the fee simple owner.

s.13

OPTIONS:

s.13

RECOMMENDATION:

s.13

APPROVED / NOT APPROVED

Carole James
Minister

Date
Appendix: Subject Property Details

s.22

s.13; s.22

Page 13 of 43 to/à Page 14 of 43

Withheld pursuant to/removed as

s.22

Ministry of Finance

BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested:
Date Required:

Initiated by:

Date Prepared: April 1, 2019

Ministry Kari Toovey
Contact: Director, Financial Institutions
Financial and Corporate Sector
Policy Branch

Phone Number: 778 698-5262
Email: Kari.Toovey@gov.bc.ca

Cliff #: 373805

TITLE:

Proposed regulatory change to increase the size of trust accounts held by the Coast Foundation (1974) and the Bloom Group.

PURPOSE:

(X) DECISION REQUIRED

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: April 1, 2019

TITLE: Proposed regulatory change to increase the size of trust accounts held by the Coast Foundation (1974) and the Bloom Group.

ISSUE:

The Coast Foundation (1974) and the Bloom Group provide a suite of services to disadvantaged persons, including trust account management. They request an increase in the size of trust accounts they can manage.

BACKGROUND:

- The Coast Foundation Society (1974) ("Coast") and the Bloom Group Community Services Society ("Bloom") are non-profit societies that provide housing, support and trust account management services to clients who generally suffer from mental illnesses or are not otherwise competent to manage their own financial affairs. By acting as trustees, the organizations hope to ensure that clients spend their money wisely and in their own best interests.
- The Trust and Deposit Business Exemption Regulation (TDBER) was adopted in 2008, after the Financial Institutions Commission (FICOM) became aware that the societies were offering trust services.
- The TDBER specifically exempts Coast and Bloom from the requirement for trust companies to obtain a Business Authorization under the *Financial Institutions Act* (FIA).
- The exemption was originally given to the societies after they indicated that business authorization requirements would impose an undue regulatory burden on their programs, and compliance costs associated with obtaining an authorization would make it impossible to continue to offer trust services to their clients.
- The TDBER sets out a number of conditions for the exemptions for Coast and Bloom. Specifically, Coast and Bloom must limit the account size that they can hold to \$500,000 (exclusive of principal residence) and must annually complete a Personal Information Return for all personnel involved in trust activities, which requires disclosure of any criminal charges or bankruptcies. As well, Coast and Bloom are required to have errors and omissions (E&O) insurance for not less than \$500,000 for each error.

- These organizations have asked for an increase in the size of account that they can hold to \$1M, for several reasons:
 - **Intergenerational wealth transfer:** an aging population is leaving their wealth to the next generation. Given the value of real estate, it is no longer unusual for persons to receive inheritances of greater than \$500,000.
 - **For profit-trust companies:** most for-profit trust companies will not take accounts below \$1 million.
 - **2015 changes to the Employment and Assistance for Persons with Disabilities Regulation:** permits recipients of disability assistance to hold up to \$100,000 in assets outside a trust, without becoming disqualified for assistance. This has resulted in many trusts of less than \$100,000 being closed and not many new trust accounts being opened, making the trust programs offered by Coast and Bloom less viable.

s.21

DISCUSSION:

- Ministry staff, along with staff from FICOM, consulted with the Public Guardian and Trustee (PGT), as well as with three of the five BC incorporated trust companies in BC (VanCity Trust, Solus Trust and Heritage Trust).¹
- None of the trust companies objected to the request, noting that most commercial trust companies will not administer a trust with less than \$1M in assets. As well, the type of clients serviced by Coast and Bloom require specialized expertise that they do not possess.

s.13

¹ The other 2 BC incorporated trust companies (All Nations Trust and CV Trust Co.) were not consulted with, as they only provide highly specialized services to a particular clientele.

- Both Coast and Bloom have reporting and accountability procedures in place that are similar to the PGT and have an internal oversight committee that reviews financial reports and complaints, but they are not required to report out to an external body and are not subject to review by the Ombudsperson. However, Coast and Bloom are subject to general trust law and dissatisfied clients can seek remedies in court. ^{s.21}

s.21

- While the PGT provides trust services to vulnerable people, Coast and Bloom provide them in the context of a larger suite of services to persons with physical or mental constraints, which is advantageous to their clientele.
- The intent of the TDBER is to permit Coast and Bloom to operate at a lower cost relative to for-profit trust companies.

s.21

OPTIONS:

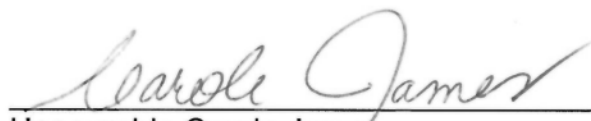
s.13

s.13

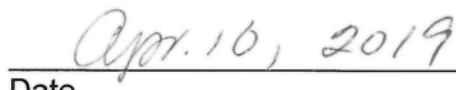
RECOMMENDATION:

Option 3. Amend the TBDER to allow Coast and Bloom to hold accounts of up to \$1M.

APPROVED / NOT APPROVED



Honourable Carole James
Minister of Finance and Deputy Premier



Date

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested: April 4, 2019
Date Required: April 9, 2019

Initiated by: Lori Wanamaker

Date Prepared: April 5, 2019

Ministry Contact: Andrew Lee
Strategic Advisor

Phone Number: 778 698-8398
Email: Andrew.T.Lee@gov.bc.ca

Cliff #: 380722

TITLE: Privacy of taxpayer information

PURPOSE:

(X) FOR INFORMATION

COMMENTS: s.13
s.13

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: April 5, 2019

TITLE: Privacy of taxpayer information

ISSUE: s.13

BACKGROUND:

s.13

DISCUSSION:

IDD is a group within CITZ, formerly in the Ministry of Jobs, Trade and Technology, that collects data from ministries and government agencies for the purpose of integration for research projects. The data collected by the IDD is transferred directly from the ministry or government agency to UBC PopData. The data is integrated to create data sets for researchers once projects are approved by the IDD. s.13

s.13

s.13

Further discussion is included in the attached Appendix.

Income tax legislation

Personal income tax information (taxpayer information) includes all information provided to the Canada Revenue Agency (CRA) as part of the individual's tax return for the year. It includes sensitive information such as Social Insurance Number (SIN), name, address, birthdate, spousal details and income. Any information collected on a tax return is taxpayer information. CRA collects the portion of the taxpayer information pertaining to the *Income Tax Act* (Canada) (the "federal Act") and the portion of the

taxpayer information pertaining to the *Income Tax Act* (British Columbia) (the “provincial Act”).

The federal Act contains strict privacy protection and disclosure provisions that forbids the sharing of federal income tax taxpayer information except in certain circumstances. The information may be provided to officials solely for the purpose of administration of tax statutes. Therefore, it is permissible for the Income Taxation Branch to receive this information. The information may be provided to officials solely for the purpose of formulation and evaluation of fiscal policy. Therefore, it is permissible for the Tax Policy Branch to have this information.

Like the federal Act, the provincial Act forbids the sharing of provincial income tax taxpayer information except in certain circumstances. The information may be provided to officials to be used solely for the purpose of administration of tax statutes such as internally within the Income Taxation Branch. The information may be provided to other officials of BC Finance solely for the purpose of formulation and evaluation of fiscal policy. Therefore, the information may be shared with the Tax Policy Branch.

Officials are individuals who are employed by, appointed to a position of, or contracted by the Province. ^{s.13}

s.13

s.14

CONCLUSION:

s.13

Appendix: Other considerations

s.13

CRA maintains an agreement with BC Finance further restricting the permissible use of taxpayer information. BC Finance must receive consent from the CRA before it may disclose any taxpayer information to another ministry or third party. BC Finance must also demonstrate its legal authority to use taxpayer information in the way that it is being used. s.13

s.13

The IDD was made aware of all of the above reasons in a meeting on January 11, 2019.

BC Statistics

The IDD employees and UBC PopData employees have been designated as temporary employees under the *Statistics Act* (British Columbia). This act allows the employees of BC Statistics to request and utilize information from ministries and government agencies. s.13

s.13

However, this act does not override the privacy protection provisions in the federal Act; s.13

s.13

BC-Canada Working Group on Real Estate

BC is participating in a BC-Canada working group to examine issues related to tax fraud and money laundering in BC and the Metro Vancouver region. s.16

s.16

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested:
Date Required:

Initiated by:

Date Prepared: April 12, 2019

Ministry Contact: Kari Toovey
Director, Financial Institutions
Financial and Corporate Sector
Policy Branch

Phone Number: 778 698-5262
Email: Kari.Toovey@gov.bc.ca

Cliff #: 380921

TITLE: Content of mandate letter – BC Financial Services Authority (BCFSA)

PURPOSE:

(X) DECISION REQUIRED

COMMENTS:

- Legislation to transition the Financial Institutions Commission (FICOM) to a Crown agency (the BCFSA) was tabled on April 4, 2019.
 - As a Crown agency, the BCFSA will face new reporting requirements and will also be issued a mandate letter by government.
 - The mandate letter should be issued to coincide with the date on which the BCFSA becomes operational, or soon thereafter. Consideration is needed to determine what sorts of goals, objectives and priorities should be included in the mandate letter.
-

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: April 12, 2019

TITLE: Content of mandate letter – BC Financial Services Authority (BCFSA)

ISSUE: Potential content of mandate letter for the BCFSA

BACKGROUND:

- Legislation to transition FICOM to a Crown agency (the BCFSA) was tabled on April 4, 2019.
- As a Crown agency, the BCFSA will face new reporting requirements and will also be issued a mandate letter by government.
- Government issues a mandate letter to each Crown agency, which sets out the Crown's strategic direction and priorities.
- Mandate letters serve as the starting point in Government's Performance Planning cycle as they inform the content of Crown Service Plans and Annual Service Plan Reports for the coming year.
- Mandate letter priorities should be high-level, strategic and clearly aligned with the priorities of government and/or the priorities outlined in the Responsible Minister's mandate letter.
- Most ministries provide 3-5 mandate letter priorities for their Crowns.
- For a new Crown agency, the mandate letter is issued to coincide with the date that the Agency becomes operational, or soon thereafter.
- The establishment of the BCFSA as a legal entity is being targeted for late spring/early summer 2019; however, it is not anticipated to be fully operational until fall of 2019.
- Given the importance of the mandate letter in setting out direction and priorities, a mandate letter for the BCFSA should be issued as soon as practicable after it is operational.

DISCUSSION:

- Leading up to the implementation of the BCFSA, workshops are being held with existing members of FICOM to ensure the transition to a Crown agency is as seamless as possible.
- As part of these workshops, discussions with existing commission members have been undertaken to outline the Ministry's proposals on the kinds of items that government may wish to include in its mandate letter issued to the BCFSA.

- Appendix 1 sets out some items that could be included in the mandate letter, including rationale, based on discussions with FICOM and Ministry of Finance executive.

Timing

- As noted, the new BCFSA is expected to be fully operational in fall of 2019 (October). The Authority should have a mandate letter in place once it becomes operational or shortly thereafter.
- Historically there are few, if any, Cabinet dates in September. In order for Cabinet to have the opportunity to review and approve a mandate letter for the new Authority prior to the Authority becoming operational, it is recommended that the draft of the mandate letter be made available to Cabinet before the summer break.
- The mandate letter would not be signed by board members of the Authority or made public until after the Authority is fully operational.

s.13

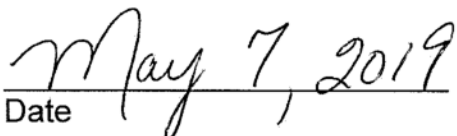
RECOMMENDATION:

- Consider the items set out in Appendix 1 for possible inclusion in the BCFSA's mandate letter.
- Once the content of the mandate letter is approved at the Ministerial level, Ministry staff will prepare a letter for the consideration of Cabinet.

Attachment

APPROVED / NOT APPROVED


Carole James
Minister and Deputy Premier


Date

Page 28 of 43 to/à Page 29 of 43

Withheld pursuant to/removed as

s.13

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested: April 15, 2019
Date Required: April 23, 2019

Initiated by: Duncan Jillings
Director, Property Taxation
Tax Policy Branch

Date Prepared: April 17, 2019

Ministry Contact: Shauna Sundher
Strategic Advisor
Tax Policy Branch

Phone Number: 778-698-9051
Email: Shauna.Sundher@gov.bc.ca
Cliff #: 381133

TITLE: Follow-up leaseholders and Additional School Tax.

PURPOSE:

(X) DECISION REQUIRED

COMMENTS: This note is a follow up requested by the minister to CLIFF 380113 and
s.13

s.13 Also related to correspondence in CLIFF 369156 (see Appendix 2).

DATE PREPARED: April 17, 2019

TITLE: Follow-up leaseholders and Additional School Tax.

ISSUE: s.13

BACKGROUND:

Leaseholders who lease from exempt owners are taxable occupiers and subject to property tax. They receive both assessment notices and tax notices directly from BC Assessment and their tax collector, identical to a fee simple owner. In contrast, lessees of taxable owners are not directly responsible for property tax, although their lease arrangement may require them to reimburse the owner for the owner's property tax expense.

Taxable leaseholders are responsible for property tax based on the full fee simple value of the property, which includes the leasehold interest and the residual interest of the owner.

The *School Act* allows for exemption regulations made in 2019 to be retroactive for the 2019 taxation year. s.13

s.13

The City of Vancouver has confirmed that they have about 70 single-family dwelling long-term leasehold properties, but none, other than the Locarno Beach properties, should be over \$3 million and subject to the additional school tax.

Other leaseholders from exempt owners on properties over \$3 million that Tax Policy has been able to identify are on UBC lands. These developments are newer, there are only 6 properties above \$4 million, s.13

s.13

DISCUSSION:

s.13

Page 32 of 43

Withheld pursuant to/removed as

s.13

OPTIONS:

s.13

RECOMMENDATION:

s.13

APPROVED / NOT APPROVED

Carole James
Carole James
Minister

May 6, 2019
Date

Appendix 1:**Property Transfer Tax Act:****Exemptions**

14 (4) If a taxable transaction entitles the transferee, on compliance with the *Land Title Act*, to registration in a land title office, that transferee is exempt from the payment of tax if the taxable transaction is a transfer within any of the following descriptions:

...

- (o) a transfer of a lease agreement, except a lease modification agreement, with a term of 30 years or less remaining as at the date of registration of that lease agreement;

Appendix 2:

s.22

SECRET 2009-03 0000 07 0000 00

Dear David,

s.22

CLIFF 380113

DATE PREPARED: March 21, 2019

TITLE: Leaseholders and additional school tax.

ISSUE: s.13

BACKGROUND:

Leaseholders who lease from exempt owners are taxable occupiers and subject to property tax. They receive both assessment notices and tax notices directly from BC Assessment and their tax collector, identical to a fee simple owner. In contrast, lessees of taxable owners, such as lessees in Orchard House in James Bay, are not directly responsible for property tax, although their lease arrangement may require them to reimburse the owner for the owner's property tax expense.

Taxable leaseholders are responsible for property tax based on the full fee simple value of the property, which includes the leasehold interest and the residual interest of the owner.

Leaseholders have been unable to defer their property taxes since 2012. The additional school tax will be due, along with other property taxes, for the 2019 year on properties over \$3 million.

The *School Act* allows for exemption regulations made in 2019 to be retroactive for the 2019 taxation year.

DISCUSSION:

s.13

s.13

OPTIONS:

s.13

RECOMMENDATION:

s.13

Ministry of Finance

BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested:
Date Required:

Initiated by:

Date Prepared: April 25, 2019

Ministry Contact: Kari Toovey
Director, Financial Institutions
Financial and Corporate Sector
Policy Branch

Phone Number: 778-698-5262
Email: Kari.Toovey@gov.bc.ca

Cliff #: 381354

TITLE: Order in Council (OIC) to bring into force sections of the *Financial Services Authority Act*

PURPOSE:

(X) FOR DECISION

COMMENTS:

The proposed OIC would bring into force those sections of the *Financial Services Authority Act* needed to begin the transition from the Financial Institutions Commission (FICOM) to a new financial services regulator, the BC Financial Services Authority.

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: April 25, 2019

TITLE: OIC to bring into force sections of the *Financial Services Authority Act*

ISSUE: Government intends to transfer financial services regulation to a new Crown agency. The proposed OIC would bring into force those sections of the *Financial Services Authority Act* needed to begin the transition to the new regulator.

BACKGROUND:

- FICOM is an appointed commission, responsible for the regulation of credit unions, insurance and trust companies under the Financial Institutions Act (FIA).
- The *Financial Services Authority Act* establishes FICOM as a Crown agency, to be named the BC Financial Services Authority (the Authority). The Authority will be self-funded and operationally independent, yet accountable to the Legislature through the Minister of Finance.
- The Authority will be responsible for the regulation of the credit union, insurance, trust, mortgage broker and pension sectors.
- The changes to the structure of FICOM are intended to provide stability, to address high vacancy rates within the organization and to better align the structure of the organization with international standards and best practices.
- The *Financial Services Authority Act* was tabled in the legislature on April 4, 2019. Royal Assent is anticipated before the end of the legislative session (May 30, 2019).

DISCUSSION:

- Given the work required to transition from FICOM to the new Authority, it is proposed that the legislation establishing the Authority be brought into force in stages, with some aspects coming into force soon after Royal Assent and other provisions coming into force when the new Authority is prepared to be fully operational.
- FICOM will continue to function as the regulator during the transition period.
- The proposed OIC would bring into force provisions to establish the new Authority, appoint a board and provide the new board with the authority to hire a Chief Executive Officer.

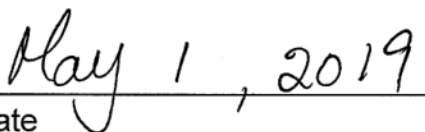
- Later this year the remaining sections of the act will be brought into force, transitioning regulatory responsibilities to the new entity and dissolving FICOM.
- Having the legislation come into force in stages ensures a smooth transition for employees of the existing regulator (FICOM) who will be transferring to the new regulatory authority, as well providing stability for the regulated sectors. It also ensures there will not be any gaps in regulation.

RECOMMENDATION:

Approve the Order in Council.

APPROVED / NOT APPROVED


Honourable Carole James
Minister and Deputy Premier


Date

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance

Date Prepared: April 1, 2019

Initiated by: Jim Hopkins
Assistant Deputy Minister
Provincial Treasury

Phone Number: 250 387-9295
Email: Jim.Hopkins@gov.bc.ca

Ministry Contact: Sam Myers
Executive Director
Debt Management Branch
Provincial Treasury

Phone Number: 778 698-5908
Email: Sam.Myers@gov.bc.ca

Cliff #: 380499

TITLE: Vancouver Luncheon – April 12th

PURPOSE:

(X) FOR INFORMATION

COMMENTS:

Vancouver Luncheon – April 12, 2019
Fairmont Pacific Rim, Emerald Room
1038 Canada Place, Vancouver
Doors open at 11:30am with lunch at noon

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: April 12, 2019

TITLE: Vancouver Luncheon – April 12th

BACKGROUND:

As part of the North American Investor Tour, the Vancouver Luncheon has been a long standing forum for the Minister of Finance to connect with BC's financial community. Each year, a dealer from the Provinces domestic syndicate is selected to host the event which is attended by the rest of the syndicate members as well as local institutional investors and corporate executives, and senior ministry officials.

The host this year will be HSBC's Jeff Allsop, Executive Vice-President and Managing Director/Head of Global Banking (see Bio in Appendix A).

Other ministry officials attending from the Province will be:

Lori Wanamaker – Deputy Minister of Finance
Jim Hopkins – Assistant Deputy Minister, Provincial Treasury
Sam Myers – Executive Director, Debt Management Branch
Jason Lewis – Director, Capital Markets
Lynn Hu – Portfolio Manager, Strategic Initiatives
Tricia Oates – Client and Investor Relations Manager
David Madani – Director, Economic Forecasting and Analysis
Liam Lawson – Senior Ministerial Assistant

The Luncheon is a formal event which will be an opportunity for the Minister to discuss highlights of the Budget and to convey the strong credit story of the Province with investment bankers and institutional investors. The presentation will be followed by Q&A.

A Powerpoint presentation, podium, mic and screen with the presentation displayed for the audience will be supplied. Each attendee will receive: a hard copy of the presentation at their table along with a copy of the Provinces Fiscal and Debt Summary published in February.

Investment Bank Representatives:

Representatives from the leading firms which facilitate the province's financing activities in the domestic and international capital markets will be in attendance. A preliminary list of those who have confirmed their attendance as of March 29th along with brief descriptions of each syndicate firm and the nature of its relationship with the province is attached (Appendix B).

Luncheon Agenda:

- HSBC's, Mr. Jeff Allsop, Executive Vice-President and Managing Director/Head of Global Banking is hosting the luncheon this year and will provide the introduction

prior to turning it over to you for the presentation. The audience will be interested in the government's commitment to meeting the fiscal plan targets in the three year plan.

- Following your presentation, the host will turn it over to the audience for questions and discussion.
- See Appendix C for key messages you may wish to deliver.

Appendix A



Copyright

**Jeffrey Allsop**

EVP and Managing Director, Head of Global Banking, HSBC Bank Canada & Chief Executive Officer, HSBC Securities (Canada) Inc.

Jeff has over 22 years of experience in investment banking including advising on mergers and acquisitions, corporate finance, equity capital markets, and privatisations globally.

Prior to becoming Head of Global Banking for HSBC in Canada, Jeff was based in London, UK, as Global Head of Infrastructure Fund Coverage having responsibility for coverage of infrastructure funds and other direct institutional infrastructure investors including pension plans, insurance companies, and sovereign wealth funds.

Before joining HSBC in 2000, Jeff worked in the Corporate Finance & Investment Banking group of PricewaterhouseCoopers. Jeff is a Chartered Accountant and holds an Honors degree in Business Administration (HBA) from the Richard Ivey School of Business at the University of Western Ontario.

Jeff is a member of the Board of Governors for Junior Achievement of Central Ontario.

Appendix B

PROFILES OF SELECTED INVESTMENT DEALERS AND BANKS

TD SECURITIES

- TD Securities Inc. provides investment banking and capital market services to corporate, government and institutional customers worldwide. Part of the TD Bank Group, the dealer employs 4,000 people in 15 offices around the world.
- The firm is a manager in the province's domestic syndicate and is a member of the province's promissory note program and U.S. commercial paper program. TD was appointed the Issuing and Paying Agent for British Columbia's promissory note program in September 2018. The firm has consistently ranked number 1 in the province's domestic syndicate evaluation.

RBC CAPITAL MARKETS

- RBC Capital Markets (RBC CM) is the wholly-owned dealer subsidiary of Royal Bank of Canada, with over 7,300 employees operating out of 70 offices in 15 countries around the world. It is Canada's largest investment dealer.
- The firm has a long-established and important relationship with the province. RBC CM is a manager in the province's domestic syndicate. The firm is also a member of the province's Canadian Promissory Note Program and the U.S. Commercial Paper Program.

BMO CAPITAL MARKETS

- BMO Capital Markets (BMO CM) is the North American-based investment and corporate banking arm of BMO Financial Group. The firm employs approximately 2,700 individuals in 33 locations worldwide, including 19 offices in North America.
- BMO CM is a manager in the province's domestic syndicate and a member of the province's Canadian Promissory Note Program.

SCOTIABANK GLOBAL BANKING AND MARKETS

- Scotiabank Global Banking and Markets (SGCM) conducts the global wholesale banking and capital markets businesses of Scotiabank (also called The Bank of

Nova Scotia). SGCM has 36 offices and 3,000 employees worldwide.

- The firm is in the management group in the province's domestic underwriting syndicate and is a member of the province's Canadian Promissory Note Program.

CIBC WORLD MARKETS

- CIBC World Markets (CIBC WM) is the investment banking subsidiary of the Canadian Imperial Bank of Commerce. It employs approximately 1,300 people worldwide.
- The firm is in the management group of the province's domestic syndicate and is a member of the province's Canadian Promissory Note Program.

NATIONAL BANK FINANCIAL

- National Bank Financial (NBF), a subsidiary of National Bank of Canada, has a presence in all regions of Canada, but retains a strong connection in Quebec and is the sole lead manager on all domestic Quebec public issues. NBF has 2,700 employees in 86 branches across the country.
- NBF is a manager in the province's domestic syndicate, and is a member of the province's Canadian Promissory Note Program.

HSBC BANK CANADA

- HSBC Bank Canada is a member of HSBC Holdings plc – an international financial services organization with more than 229,000 employees in 3,800 offices in 66 countries and territories.
- HSBC Bank Canada, headquartered in BC, is the seventh largest bank in Canada and the largest foreign-owned one, with more than 6,000 employees.
- HSBC Securities is a member of the province's domestic bond syndicate as a banking group member and has entered into an International Swap Dealers Association agreement with the province allowing them to be a counterparty on derivatives with the province.
- In 2018, HSBC was the sole underwriter for a dual-tranche \$150 million green bond financing for the Royal Inland Hospital in Kamloops.

BANK OF CHINA (in attendance but not part of domestic syndicate)

- Bank of China (Canada) is a wholly owned subsidiary of Bank of China Limited. It is a Schedule 2 and 3 bank, both headquartered in Ontario with two Schedule 2 branches in Vancouver.
- The Bank of China was a co-manager for the province's second renminbi deal launched in 2014. Proceeds from the issue were deposited to a Bank of China account in Hong Kong. The firm was bookrunner and jointly led the province's Panda bond in the domestic Chinese market in January 2016 and November 2017, and has provided the province with strong support in this market.

s.16

Attendee List (as at March 29th):

Province Invited Attendee		Province Attendee		HSBC Attendee		Syndicate Attendee			Corporate Attendee		
Name	Response	Name	Response	Name	Response	Name	Response	Company	Name	Response	Company
Robert Heinkel	Y	Sam Myers	Y	Doug Brandes	Y	Steven Fleckenstein	Y	National	Steve Barnett	Y	QuadReal
Jamie McTavish		Trish Oates	Y	Huan Yan	Y	Ian March	Y	TD	Jim Pittman	Y	BCI
Paul Flanagan		Jason Lewis	Y	Jeff Allsop	Y	Brandon Newell	Y	CIBC	Paul Dunstan	Y	Plenary
Bruce Sampson		Lynn Hu	Y	Andrew Salvoni	Y	Ashley Chin	Y	Desjardins	Omar Virani	Y	PHN
Trevor Scott	Y	David Madani	Y	Todd Patchel	Y				Stephen Burke	Y	PHN
David Wong	N	Carole James	Y	Dale Telfer	Y				Graeme Robertson	Y	PHN
Jacqueline Rawluk	Y	Lori Wanamaker	Y	Garth Stoll	Y				Harpreet Sahota	Y	ICBC
Jennifer Guo	Y	Jim Hopkins	Y	Robert McFarlane	Y				Frank Zhao	Y	ICBC
		Liam Lawson	Y						Tom Stefan	Y	Seaspan
									Rob Bruno	Y	Polygon
									Kevin Layden	Y	Wesbild
									Tony Hepworth	Y	Pennygarth

Appendix C

s.13

Ministry of Finance

BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Prepared: April 15, 2019

Initiated by: Jim Hopkins
Assistant Deputy Minister
Provincial Treasury

Ministry Contact: Jim Hopkins
Assistant Deputy Minister
Provincial Treasury

Phone Number: 250 387-9295
Email: Jim.Hopkins@gov.bc.ca

Cliff #: 380956

TITLE: Proposed Minister of Finance Mission to Washington State and California

PURPOSE:

(X) DECISION REQUIRED

DATE PREPARED: April 15, 2019

TITLE: Proposed Minister of Finance Mission to Washington State and California

BACKGROUND:

s.13

s.13 These include US and foreign financial markets, including Washington State and California, BC's number one and two US trading partners respectively. Among the states, Washington ranked number one as a destination for BC exports (\$18.4 Billion – 2018). Among the states, California ranked number two as a destination for BC Exports (\$8.4 Billion – 2018)

Projected investment in new capital projects and infrastructure across BC requires ongoing funding from domestic and international pension funds and financial institutions. Through Budget 2019, which includes environmental initiatives through CleanBC, there will be strong investor interest in the BC economy. This includes interest by major US-based pension funds (e.g. California Public Employees' Retirement System), that increasingly seek "green" and infrastructure investment opportunities, such as those offered in British Columbia through its issuance of provincial bonds.

DISCUSSION/RECOMMENDATION:

It is recommended that the BC Minister of Finance travel to Washington State and California to:

A. Market the Province's Credit Credentials

In addition to meeting with financial investors in the eastern United States in late April 2019, it is recommended that the BC Minister of Finance travel to Washington State and California to advance BC Budget 2019, and convey to institutional investors and businesses key aspects related to:

1. BC's fiscal status (e.g. budget surplus, affordable debt, high credit rating);
2. Competitive economy (e.g. diversified and mature economy, relatively low tax burden, infrastructure investment, competitive power costs)
3. Climate Change (e.g. CleanBC).

B. Advance the Cascadia Initiative

An additional objective of the trip would be to advance the Cascadia Corridor Initiative, by following-up on the Premier's recent trip to Washington State. Meetings would include the CEO of Challenge Seattle, Washington's lead for Cascadia Innovation Corridor Initiative and Charles Knutson, the Governor of Washington's Policy Advisor on Cascadia

Corridor, Innovation and Transportation including the OR-WA-BC High-speed Rail Project.

Appendix A presents the proposed 3-day program which has been developed in collaboration between the Ministry of Finance and the Ministry of Jobs, Trade and Technology (JTT), including the US Trade and Investment Representatives. JTT recommends this agenda to you.

APPROVED / NOT APPROVED

Carole James
Minister and Deputy Premier

APPENDIX A DRAFT AGENDA

Minister of Finance Washington State & California Budget 2019 Mission – June 05-07, 2019

Washington State (Seattle)

Wednesday, June 5

Accommodation: Seattle

- | | |
|-------------|---|
| 4:00-4:30pm | Arrival at South Lake Union; travel to meeting location (TBC) |
| 4:30-5:30pm | Meeting with Christine Gregoire, CEO of Challenge Seattle <ul style="list-style-type: none"> • Washington's lead for Cascadia Innovation Corridor Initiative; • Opportunity to encourage more participation in the initiative from large Seattle corporates outside of Microsoft. |
| 6:00-8:00pm | Remarks and Networking event with CAIA Seattle Members <ul style="list-style-type: none"> • Local association of investment managers, asset allocators, financial consultants and service providers. • Opportunity to promote BC as an ideal economy to invest. • Accompanied by: Heather Redman, Managing Partner of Flying Fish Partners <ul style="list-style-type: none"> • Well-known Seattle-based venture capitalist with a strong Cascadia focus, Heather is also the current Chair of the Washington Tech Industry Association and former Chair of the Seattle Chamber of Commerce. |

Thursday, June 6

Accommodation: San Francisco

- | | |
|---------------|--|
| 8:00-8:45am | Meeting with Consul General Brandon Lee |
| 9:00-10:30am | Travel to Olympia |
| 10:30-11:30am | Meeting with Washington State Treasurer Duane Davidson <ul style="list-style-type: none"> • Manages investments, debt, and cash for Washington State; it facilitates investment within the state. |
| 11:30-1:00pm | Meeting with Charles Knutson, Policy Advisor to Governor Inslee of and David Schumaker, Director of the Office of Financial Management <ul style="list-style-type: none"> • Knutson is Governor Inslee's Policy Advisor on Cascadia Corridor, Innovation and Transportation including the OR-WA-BC High-speed Rail Project. • OFM is the lead in budget planning, policy development, and fiscal administration for the executive branch of the state. |
| 1:00-2:15pm | Travel to SeaTac Airport |

California (San Francisco)

- 3:50 – 5:57pm Fly on United Airlines from Seattle to San Francisco
- 7pm – 8:30pm Dinner in San Francisco with **State Treasurer Fiona Ma**
- Meeting with the California State Treasurer, Fiona Ma, to discuss investment opportunities, California's green bond initiative and the West Coast Infrastructure Exchange.
- 8:35pm – 10pm Drive to Sacramento

Friday, June 7

- 8am – 9am Breakfast meeting with California Public Employees' Retirement System (CalPERS)
- 9:15 – 10:15 Meeting with California State Teachers' Retirement System (CalSTRS)
- CalPERS and CalSTRS are two of the largest public pensions in North America with assets under management totaling over half a trillion USD. CalPERS is increasingly looking at "green" investment opportunities.
- 11:50 – 1:51pm Air Canada: Sacramento to Vancouver

Ministry of Finance
BRIEFING DOCUMENT

To: Lori Wanamaker
Deputy Minister

Date Requested: March 25, 2019
Date Required: March 26, 2019

Initiated by: Samantha Sherman
Director,
Policy, Rulings and Services
Section

Date Prepared: March 26, 2019

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

Phone Number: 778 698-8933
Email: Samantha.sherman@gov.bc.ca

Cliff #: 379936

TITLE: PST Audit Assessment for^{s.21}

PURPOSE:

(X) FOR INFORMATION

COMMENTS: This note provides a summary of the facts relating to a recent audit of^{s.21} The company has contacted Minister Mike Farnworth to express their opinions regarding the application of PST to real property contractors and of their audit and associated assessment and has requested relief regarding that assessment.

Executive Director approval: _____

ADM approval: _____

DATE PREPARED: March 26, 2019

TITLE: PST Audit Assessment for^{s.21}

ISSUE: Application of PST to tangible personal property (TPP) utilized by^{s.21}
^{s.21} to complete contracts to supply and install affixed machinery and improvements to real property and the resultant audit assessment for PST the company failed to pay on the TPP used.

BACKGROUND:

The Consumer Taxation Audit Branch (CTAB) commenced an audit of^{s.21}
^{s.21} in December of 2018 for the period of April 1, 2015 to October 31, 2018.

During the course of the audit, CTAB identified a number of errors made by the company. CTAB has concluded the audit and has issued an assessment to the company in the amount of \$66,213.84 on March 25, 2019.

The majority of the assessment represents PST that the company failed to pay on TPP used to fulfill contracts they undertook to supply and install affixed machinery and improvements to real property.

These contracts involved the installation of parts and equipment on^{s.21}
^{s.21} fall within the definition of affixed machinery in the PSTA due to their function in handling and transporting TPP and the extent to which they are attached to structures and land.

The company incorrectly charged PST on the TPP used to complete those contracts to the purchasers.

The company has the option to appeal the audit assessment to the Minister of Finance within 90 days of the date of the Notice of Assessment. In this case, as the Notice of Assessment was issued on March 25, 2019, a written notice of appeal would therefore need to be served on the minister on or before June 22, 2019. In the event that the assessment was upheld by the minister, the company would have the option to appeal the minister's decision to the Supreme Court of BC by way of a petition proceeding. The company would have 90 days from the date of the minister's decision to file a petition with the courts.

While the company still choose to appeal, the company has written Minister Mike Farnworth to express their opinion of the application of PST to real property contractors and has requested relief from the tax assessed.

Relief from tax assessed would require a remission order under section 19 of the *Financial Administration Act* (FAA), as the ministry does not have the legal authority to reverse the assessment. While assessments can be adjusted as a result of an appeal to the Minister or the court, this would require a finding that the legislation was not applied correctly.

DISCUSSION:

Division 8 of the PSTA, Affixed Machinery and Improvements to Real Property, prescribes how PST applies to TPP used to complete contracts to supply and install affixed machinery or improvements to real property. Under this division, the contractor is considered to be the user of TPP used to complete contracts to supply and install affixed machinery or improvements to real property and therefore liable for any PST applicable on that TPP. The contractor is exempt from PST on TPP used to complete contracts to supply and install affixed machinery or improvements to real property only where there is an agreement between the contractor and the customer that specifically states that the customer is liable for tax imposed and which sets out the purchase price for the TPP used to complete the contract or, where the customer would qualify for an exemption from tax if they were the purchaser of the TPP used to fulfil the contract.

This tax treatment has been in effect since the re-implementation of PST in April of 2013 and is the same as that in place under the former *Social Service Tax Act* (SSTA) since October of 2008. Prior to 2008, the tax treatment for real property contractors depended on whether a contract was a “lump-sum”, or “time and materials” contract. For lump-sum contracts, where a single amount was charged which included all labour and materials, the contractor was required to pay PST on the TPP used to complete the contract, while in time and material contracts, where separate charges existed for labour and materials, the customer was required to pay PST on the TPP used to complete the contract.

The ministry has published two bulletins specifically dedicated to the application of PST to real property contractors and provides additional public information on the subject in a dedicated webpage for contractors and in the FAQs published on the ministry’s PST webpage. In addition, the ministry maintains a toll-free telephone line and email address for responding to specific taxpayer questions about the application of tax.

The ministry also carried out extensive public information activities specifically dedicated to the application of PST to real property contractors (RPCs). These activities included:

- The creation and distribution of pamphlets
- Auto-dialer telephone campaigns
- Offering free onsite visits by tax specialists
- Partnering with industry groups and associations to distribute information to RPC members

- Advertising through a wide variety of print and media methods
- Attending various trade shows and conferences to provide information to RPCs
- Partnering with other provinces to provide links and information to RPCs who work within BC
- Carrying out letter campaigns to contact over 70,000 individuals and businesses registered who were GST registrants identified as RPCs

In their letter to Minister Farnworth, the company references a 2008 court case where s.21 were found to be taxable to the end user and a recent case involving a business called Maxwell's Plumbing and Heating Ltd. The 2008 case turned on the question of whether or not s.21 purchased by the petitioner were exempt from tax on the basis that they were used in the manufacture of aggregate, and not on the question of whether a customer or contractor were responsible for payment of tax. The circumstances of that case are not therefore relevant to the assessment issued to s.21. In the case involving Maxwell's Plumbing and Heating Ltd., the ministry's assessment of tax was upheld on appeal to the Supreme Court of BC.

s.13

The ministry recognizes that payment of amounts assessed can be a challenge. In cases where a taxpayer is unable to pay an entire amount due, the ministry may consider payment arrangements allowing balances to be paid in installments over a period of time. Taxpayers finding themselves unable to pay an entire amount due can contact the ministry representative assigned to their account to discuss the possibility of payment arrangements.

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance and
Deputy Premier

Date Requested: N/A
Date Required: N/A

Initiated by: Steven Emery
Executive Director
Property Taxation Branch

Date Prepared: April 12, 2019

**Ministry
Contact:** Kally Khaira
Director
Annual Property Tax

Phone Number: 778-698-9536
Email: Kally.Khaira@gov.bc.ca

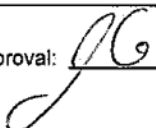
Cliff #: 375237


TITLE: Correcting the statutory reference in the *School Tax Administration Fee Regulation*

PURPOSE:

(X) DECISION REQUIRED

Executive Director approval: _____

ADM approval:  _____

DM approval:  _____

DATE PREPARED: April 12, 2019

TITLE: Correcting the statutory reference in the *School Tax Administration Fee Regulation*

ISSUE: The current Regulation does not reference the legislative amendments made to the *School Act* in Budget 2018.

BACKGROUND:

For many years, the Province has paid municipalities a fee to administer the collection of the provincial school tax. The fee is intended to reimburse local governments for the reporting and remitting requirements of the provincial school tax. Since 1991, the fee has been set at \$2,000 plus 0.1 percent of the total school tax levy. This fee is prescribed by the *School Tax Administration Fee Regulation*.

In February 2018, the *School Act* was amended by Budget 2018 to introduce an additional school tax for dwelling properties with a value over \$3 million. These amendments changed the numbering of sections in the *School Act*, and as a result, the appropriate reference in the *School Tax Administration Fee Regulation* should now be Section 120.3 not 119 (6) (b) of the *School Act*.

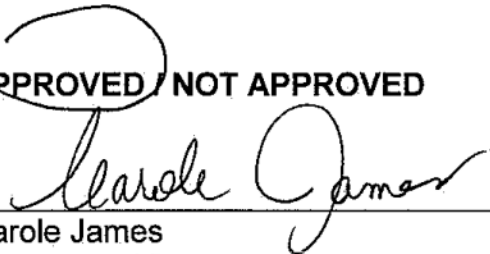
DISCUSSION:

To continue to provide the legislative authority for the administration fee, a revised regulation that references the correct section of the *School Act* must be deposited.

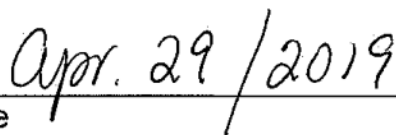
RECOMMENDATION:

Recommend that the attached OIC be approved as soon as possible. Tax Policy agrees with this recommendation.

APPROVED / NOT APPROVED


Carole James
Minister and Deputy Premier

Date



Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance and
Deputy Premier

Date Requested: N/A
Date Required: N/A

Initiated by: Jordan Goss
Assistant Deputy Minister
Revenue Division

Date Prepared: March 15, 2019

Ministry Contact: Steven Emery
Executive Director
Property Taxation Branch

Phone Number: 778-698-3892
Email: steven.emery@gov.bc.ca

Cliff #: 377530

TITLE: Collection of the Social Insurance Number (SIN) on the Home Owner
Grant (HOG) Application.

PURPOSE:

(X) DECISION REQUIRED

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: March 15, 2019

TITLE: Collection of the Social Insurance Number (SIN) on the Home Owner Grant (HOG) Application.

ISSUE: The Province has announced, as part of its 30 Point Plan on Housing Affordability, that it would start to collect SIN on HOG applications. As the majority of HOG applications are administered by the various municipalities across the province, implementing this change province-wide in 2019 is not possible.

BACKGROUND:

In February 2018, the Province announced “**HOMES FOR B.C. A 30 – Point Plan for Housing Affordability in British Columbia**”. Point 12 of this plan committed the Province to preventing tax evasion by starting to collect Social Insurance Numbers (SIN) as part of the HOG application process. Collecting SINs from HOG applicants is expected to achieve the following:

- Prevent those without Canadian citizenship or permanent residence status from claiming the HOG.
- Provide a unique identifier so that HOG data from across the province can be cross-referenced to identify duplicate applications.
- Share information and cross reference with income tax data to identify applicants who are inappropriately claiming a property as their principal residence.

The HOG application and adjudication process has remained virtually unchanged since its inception in the 1950's, with the exception of the introduction of more modern systems' technology to process the applications and store data. The applications are distributed, reviewed and approved either by the municipalities for homes within the municipality, or by the Ministry of Finance (MoF), through the Office of the Surveyor of Taxes (provincial), for home owners in the rural areas.

Implementing the requirement to include the SIN on the HOG application for rural property taxes is relatively straightforward, can be done by MoF in such a way that the SIN is collected and stored securely (similar to the collection of the SIN under the *Speculation and Vacancy Tax Act*) and could likely be implemented in 2019. However, the legislative framework for requiring information on applications under the *Home Owner Grant Act (HOGA)*, is inconsistent with the approach taken in other tax statutes and should be reviewed. The authority to collect the SIN as part of the declaration process under the *Speculation and Vacancy Tax Act* is currently subject to an investigation by the Office of the Information and Privacy Commissioner (OIPC). Therefore, any potential changes to the *HOGA* should consider the outcome of the investigation.

While the legislative authority to require SIN on HOG applications for municipal properties is the same as that for rural properties, requiring all municipalities to collect the SIN on the HOG applications they administer is currently more problematic practically.

Under the current system, home owners within municipalities apply using a paper application, or if the municipality provides for it, using an online application¹. Municipalities have advised the Province that the collection of SIN on municipal HOG applications presents a significant challenge as it would require them to make extensive and potentially expensive changes to their systems and manual processes and they do not currently have the ability to retain and protect this confidential information. Municipalities would be unable to address these challenges in 2019.

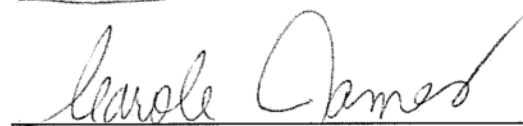
As a result of the implementation of the speculation and vacancy tax (SVT) in 2019, MoF will collect SIN information in relation to residential property owners whose properties are in the taxable regions. This information could be used to help the Ministry detect duplicate or fraudulent HOG applications within the taxable regions. Approximately 65% of the total number of HOG applications annually come from within these taxable regions.

RECOMMENDATION

✓ Given all of the above, it is recommended that the Province defer the implementation of the SIN on HOG applications until 2020.

Deferring the implementation will enable MoF to review the potential to improve the administration of the HOG, including by centralizing the administration of the HOG application with the province and by leveraging the SVT process to claim HOGs in the future.

APPROVED / NOT APPROVED



Honourable Carole James
Minister of Finance and
Deputy Premier

Apr. 8, 2019

¹ Most, but not all, municipalities currently have an online application for HOG.

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance and
Deputy Premier

Date Requested: N/A
Date Required: N/A

Initiated by: Steven Emery
Executive Director
Property Taxation Branch

Date Prepared: April 12, 2019

Ministry Contact: Kally Khaira
Director
Property Taxation Branch

Phone Number: 778-698-9536
Email: Kally.Khaira@gov.bc.ca

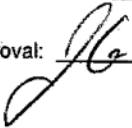
Cliff #: 379566


TITLE: Updating the *School Tax Remitting Regulation*

PURPOSE:

(X) DECISION REQUIRED

Executive Director approval: _____

ADM approval: 

DM approval: 

DATE PREPARED: April 12, 2019

TITLE: Updating the *School Tax Remitting Regulation*

ISSUE: The current Regulation needs to be updated to reflect legislative amendments made to the *School Act* in Budget 2018, and current administrative practices.

BACKGROUND:

The *School Act* was amended in Budget 2018 to provide for a province-wide additional school tax to be levied on high-valued homes (assessed value over \$3 million). The additional school tax will be collected by municipalities for dwelling properties located within their jurisdiction beginning in the 2019 tax year.

The *School Tax Remitting Regulation* establishes the requirements that municipalities must follow when remitting school taxes that they collect on behalf of the Province. The current regulation deals only with general school taxes and does not provide for the remitting of additional school taxes that will be collected by the municipalities starting with the 2019 tax year. The current regulation needed to be amended to allow for the remitting of additional school taxes as well as general school taxes.

DISCUSSION:

Section 124 of the *School Act* now requires municipalities to pay to the Minister of Finance instalments of general school taxes and additional school taxes prescribed by regulation of the Lieutenant Governor in Council. As with the current regulation, the amended regulation prescribes the process by which municipality remits school tax payments to the Province.

The *School Tax Remitting Regulation* sets out the amounts and times that school tax instalments must be made by the municipalities to the Province, as well as the payment method. The amended regulation establishes the process for remitting both general school taxes and the new additional school tax. The process prescribed in the amended legislation follows closely the process established under the existing regulation. However, as the current regulation is almost 30 years old, there were several references that were out of date, or not consistent with the current school tax collection systems. The amended regulation updates these references and resolves any inconsistencies that existed with the current regulation.

s.12; s.14

RECOMMENDATION:

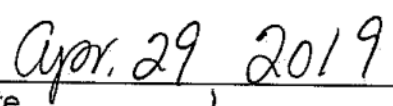
Recommend that the attached OIC be approved as soon as possible so that it is in place for the 2019 tax year when collection of the additional school tax will begin.

Tax Policy agrees with this recommendation.

APPROVED / NOT APPROVED



Carole James
Minister and Deputy Premier



Date

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Carole James
Minister of Finance
and Deputy Premier

Date Requested: April 26, 2019
Date Required: May 3, 2019

Initiated by: Teri Spaven
Assistant Deputy Minister

Date Prepared: April 25, 2019

Ministry Contact: Teri Spaven
Assistant Deputy Minister and
Executive Financial Officer

Phone Number: 778-698-2446
Email: teri.spaven@gov.bc.ca

Cliff #: 381305

TITLE: Implementation of a Health Fee for International Students commencing
September 1, 2019.

PURPOSE:

(X) DECISION REQUIRED

COMMENTS: ^{s.13}

s.13

The new health fee for all international students (K-12 and post-secondary) will be
\$37.50/month, increasing to \$75.00/month in January 2020.

s.14

s.13

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: April 25, 2019

TITLE: Implementation of a Health Fee for International Students commencing September 1, 2019.

ISSUE:

s.13 the Ministry of Health was approved to introduce a health fee for all international students commencing September 1, 2019 at a rate of \$37.50/month and increasing to \$75.00/month commencing January 1, 2020. s.13
s.13

To implement the fee, the authority under which it can be charged must be established in legislation. s.13 the two most accessible options were a new regulation under the *Medicare Protection Act* (MPA) or the issuance of a directive under the *Financial Administration Act* (FAA).

s.14

s.13

BACKGROUND:

s.13 the Ministry of Health s.13 requesting approval to introduce a new health fee for international students, including K to 12 and post-secondary, at a rate of \$75/month from January 1, 2020. This timing would align with the elimination of MSP premiums; however, s.13 that minors, including international students, have not been paying MSP premiums since January 1, 2017.

Approval was received to introduce the fee with an implementation date of September 1, 2019 at a rate of \$37.50/month, increasing to \$75.00/month on January 1, 2020. s.13
s.13

s.13

s.13 although further work and decisions are required on this direction, were to implement the new fee in a phased approach, with Phase 1 and 2 mirroring the current process to bill/collect MSP premiums.

- s.13 – introduce the \$37.50 health fee to all international students. This would be a new fee for under 19 international students as they currently do not pay MSP premiums and for over 19 students this would be in addition to the MSP premiums they are paying as deemed residents.
- s.13 – increase fee to \$75.00 for all international students, corresponding with the MSP premium elimination.
- s.13

s.13

s.14

Bill 20 has been tabled in the House to repeal language related to MSP premiums; however, until January 1, 2020 the MPA provides the mechanism to impose the health fee through the introduction of a regulation.

s.13

DISCUSSION:

s.13

There are a few factors that could influence the accuracy of this estimate:

- International students have a waiting period for MSP; therefore, revenue per student could commence as early ^{s.13}
Assuming a full one-month delay for the entire cohort that would negatively impact the forecast by \$3m.

s.17

- According to data from Immigration Refugees and Citizenship Canada there were 152,209 international students in 2017. The difference between this number and the estimate used ^{s.12} likely accounts for students who are not eligible or ^{s.13}

s.13

s.13

s.14

OPTIONS:

s.13

s.12; s.13

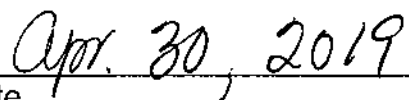
RECOMMENDATION:

s.13

☒ APPROVED ☐ NOT APPROVED



Carole James
Minister and Deputy Premier



Date

Ministry of Finance

BRIEFING DOCUMENT

To: Mitzi Dean
Parliamentary Secretary
Gender Equity

Date Requested: March 26, 2019

Date Required: March 28, 2019

Initiated by: Molly Henry
Minister's Assistant
Ministry of Finance

Date Prepared: March 27, 2019

Ministry Contact: Melanie Stewart
Assistant Deputy Minister

Phone Number: (250) 213-8764

Email: Melanie.J.Stewart@gov.bc.ca

Cliff #: 380474

TITLE: Vancouver Rape Relief and Women's Shelter Funding - Options

PURPOSE:

(X) FOR INFORMATION

COMMENTS: s.13
s.13

Executive Director approval: _____

ADM approval: _____

DM approval: _____

DATE PREPARED: 26-03-19

TITLE:

Vancouver Rape Relief and Women's Shelter Funding - Options

ISSUE:

At a March 14, 2019 Council meeting, the City of Vancouver approved the award of \$34,312 in grant funding to Vancouver Rape Relief (VRR) for the 2019 grant year. Members voted to award this grant as "termination funding" and to cease awarding funding in subsequent years until VRR, which currently restricts access to some of its core services to women who were born female, updates its inclusion policy to allow transgender women to access all of its services, core and otherwise.

Since 2016, Vancouver has had the following gender equity and inclusion policy for funding:

"The organization must demonstrate accommodation, welcomes and openness to people of all ages, abilities, sexual orientation, gender identities (including trans*, gender-variant and two-spirit people), ethnicities, cultural backgrounds, religions, languages, under-represented communities and socio-economic conditions in its policies, practices and programs, except in instances where the exclusion of some group is required for another group to be effectively targeted."

s.13; s.16

The CEO of VRR has stated that the organization would rather forego city funding than change its policy of providing some services exclusively to women who were born female.

s.17

BACKGROUND:

Vancouver Rape Relief and Women's Shelter is the oldest rape crisis centre in Canada (operating since 1973) and is a non-profit organization and registered Canadian charity. The purpose of VRR is to advocate for women's equality, and "work as an active force dedicated to challenge the social attitudes, laws and institutional procedures that perpetuate male violence against women and children".

VRR restricts access to its peer counselling sessions, shelters and transition house to women who were born female. VSS offers other services (such as public education outreach programs and access to a 24-hour telephone crisis line) to all women, including transgender women.

According to a public statement on the VRR website, the organization believes that women who were born female have a fundamentally different lived experience than transgender women and, as a result, require core services tailored to that experience and access to spaces restricted to women who were born female. The City of Vancouver did not agree with this assessment or that the exclusion "is required for another group to be effectively targeted" as per their gender equity and inclusion policy.

s.13

s.17

DISCUSSION:

s.14

Options:

s.13; s.17

Page 5 of 6 to/à Page 6 of 6

Withheld pursuant to/removed as

s.13 ; s.17