

**Ministry of Finance**  
**BRIEFING DOCUMENT**

<b>To:</b>	Honourable Carole James Minister of Finance and Deputy Premier	<b>Date Requested:</b> October 8, 2019 <b>Date Required:</b> October 9, 2019
<b>Initiated by:</b>	Lori Wanamaker, Deputy Minister of Finance	<b>Date Prepared:</b> October 8, 2019
<b>Ministry Contact:</b>	Aurora Beraldin Senior Policy Advisor Financial and Corporate Sector Policy Branch	<b>Phone Number:</b> 778-698-5266 <b>Email:</b> Aurora.Beraldin@gov.bc.ca <b>Cliff #:</b> 385351

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**TITLE:** Hate Groups and the *Societies Act*

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**PURPOSE:**

**(X) FOR INFORMATION**

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**COMMENTS:** The Financial and Corporate Sector Policy Branch and staff from the Ministry of Tourism, Arts and Culture met to discuss the issue of hate groups registering as societies and the relevant provisions in the *Societies Act*.

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Executive Director approval: \_\_\_\_\_

ADM approval: \_\_\_\_\_

DM approval: \_\_\_\_\_

**DATE PREPARED:** October 8, 2019

**TITLE:** Hate Groups and the *Societies Act*

**ISSUE:** The government has received complaints that hate groups are registering as societies under the *Societies Act* in order to gain legitimacy.

**BACKGROUND:**

Financial and Corporate Sector Policy Branch staff met with Ministry of Tourism, Arts and Culture (TAC) staff to discuss concerns about alleged hate groups registering as societies in BC.

Throughout the summer, then Parliamentary Secretary for Sport and Multiculturalism Ravi Kahlon (now Parliamentary Secretary for Forests, Lands, Natural Resource Operations and Rural Development) conducted a racism and outreach tour throughout BC. During the tour, concerns were raised about the presence of hate groups, such as the Soldiers of Odin and the Yellow Vests, in some communities.<sup>1</sup> There is concern that these groups may be registering as societies under the *Societies Act* in order to gain legitimacy. The registrar confirmed that the Soldiers of Odin Club Society is a registered society in BC.

It is alleged that the Soldiers of Odin is an anti-immigrant and white supremacist group. The group began in Finland and now has a presence in various countries including Canada. Soldiers of Odin groups in BC promote themselves as protecting communities by keeping streets safe and cleaning up local parks and schools.

Various media articles over the past few months have reported on activities of the Soldiers of Odin in BC.<sup>2</sup> In April 2019, it was reported that Facebook banned and purged all Soldiers of Odin Canada pages, including the pages of individual chapters throughout the country.<sup>3</sup>

The *Societies Act* requires societies to have a lawful purpose and gives the registrar the power to order a society to change its purpose if it is unlawful. The *Societies Act* also has various tools that would allow the registrar, the court, or the government to intervene if a society is acting unlawfully.

s.12

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<sup>1</sup> Vancouver Sun Article, *Anti-immigration group Soldiers of Odin expanding in B.C., MLA says*, September 14, 2019: <https://vancouversun.com/news/local-news/anti-immigration-group-expanding-in-b-c-mla-says>

<sup>2</sup> For example, CBC News Article, *Some Dawson Creek, B.C., residents concerned about normalization of far-right group*, June 12, 2019: <https://www.cbc.ca/news/canada/edmonton/soldiers-of-odin-dawson-creek-1.5166422>

<sup>3</sup> CBC News Article, *Facebook bans Faith Goldy and 'dangerous' alt-right groups*, April 8, 2019: <https://www.cbc.ca/news/politics/facebook-faith-goldy-ban-alt-right-1.5088827>

s.12

On October 8, Finance staff met with staff from TAC's Multiculturalism Branch and the registrar to discuss the concerns and potential resolutions under the *Societies Act*.

## DISCUSSION:

When a society incorporates, it must have a lawful purpose and must state it in its constitution filed with the registries (s. 2(1), 10(1), 13(b)). s.13

s.13

s.13 The incorporation is complete once the incorporation application has been filed (s. 14(1)). s.13

s.13

Once a society has been incorporated, the registrar can order that a society alter its purposes if the registrar considers them to be unlawful (for example, if the purpose was to promote hate) (s. 2(3)). If the society fails to comply with the order, the registrar can dissolve the society (s. 214(1)(e)). s.13

s.13

A society is prohibited from carrying on any activity that is contrary to its purposes. A member or director of a society, or another person who the court considers to be appropriate, can apply to the court for a restraining order or a compliance order if the society is carrying on activities that are inconsistent with or contrary to its purposes (s. 104). For example, if a society stated that its purpose was to clean up parks but actually engaged in activities to promote hate, it would be open to a person to make a court application.

The *Societies Act* also requires the registrar to make a report to the Minister of Finance if it appears to the registrar that a society is acting unlawfully or is carrying on activities that are detrimental to the public interest (s. 213). After receiving a report from the registrar, the Minister of Finance may appoint a person to conduct an investigation into the society and make a written report to the Minister with the investigator's findings. After receiving a report from the registrar or the investigator, the Minister may order that the society cease specified activities, conduct activities in a specified manner, or recommend that the Lieutenant Governor in Council dissolve the society.

s.13

The Act also provides authority to the Lieutenant Governor in Council to dissolve a society independent of the registrar's report and investigative process (s. 215).

s.13

To our knowledge, there have not been any applications for the registrar, the courts, or the government to exercise any of their powers under the Act with respect to such societies.

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**Ministry of Finance**

**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
and Deputy Premier

**Initiated by:** Aurora Beraldin  
Senior Policy Advisor

**Date Prepared:** October 11, 2019

**Ministry Contact:** Maria Montgomery  
Legislative Analyst  
Financial and Corporate Sector  
Policy Branch

**Phone Number:** 236 478-1288

**Email:** maria.montgomery@gov.bc.ca

**Cliff #:** 385568

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**TITLE:** Options for Amending the Limitation on Board Composition in Section 41  
of the *Societies Act*

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**PURPOSE:**

**(X) DECISION REQUIRED**

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**COMMENTS:** Different groups have expressed concerns with the restriction on the  
composition of societies' boards of directors in s. 41 of the *Societies Act* for various  
reasons. <sup>s.16</sup>

s.16

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Executive Director approval: \_\_\_\_\_

ADM approval: \_\_\_\_\_

DM approval: \_\_\_\_\_

**DATE PREPARED:** October 11, 2019

**TITLE:** Options for Amending the Limitation on Board Composition in Section 41 of the *Societies Act*

**ISSUE:** s.16

## **BACKGROUND:**

### *Societies Act*

When the *Societies Act* (the Act) replaced the *Society Act* in 2016, a provision was added that restricted the composition of society boards of directors. Section 41 of the Act now prohibits a majority of directors of a society from receiving or being eligible to receive remuneration under contracts of employment or contracts for services from the society, other than remuneration for being a director. This provision came into effect on November 28, 2018.

Government's decision to add s. 41 was made in response to reports and consultations that preceded the enactment of the Act. For example, in its review of BC's non-profit legislation in 2008, the British Columbia Law Institute (BCLI) recommended prohibiting any paid staff person from being a director of a society.<sup>1</sup> There were also concerns raised around the misuse of public funds by registered societies, and recommendations to limit the risk of potential conflicts of interests by the directors of a society.

Other stakeholders, such as the Law Reform Commission, argued that societies may benefit from having paid staff or professional advisors on their boards and that this governance issue should be left to societies to determine on their own.

Section 41 was therefore introduced in the new Act as a balanced response to the above concerns. It was considered preferable than allowing societies to self-monitor board conflicts of interest without any legislative restrictions, or following the BCLI recommendation to prohibit all employees from serving on society boards. Section 41 is also similar to board requirements applied to financial institutions.

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<sup>1</sup> *Report on Proposals for a New Society Act*, Society Act Reform Project (2008), British Columbia Law Institute. Available online at <https://www.bcli.org/project/society-act-reform-project>.

British Columbia is the only province that has a restriction on the number of society board members who can have contracts of employment or services with the society. However, BC's Act is one of the newest non-profit enactments in Canada, and other jurisdictions (e.g., Alberta and the Yukon) have looked to the Act as they review their own older legislation.

s.16

### *Societies Act Public Consultation*

The Ministry conducted a public consultation on proposed amendments to the Act throughout the summer of 2019. As part of the consultation, an outline of a proposed amendment to s. 41 stated that it would “clarify that the prohibition against a majority of

a society's directors receiving remuneration from the society does not apply in situations when the employment or service contract is with another entity, and not the society directly."

s.16

In addition to feedback from<sup>s.16</sup> several differing viewpoints from other stakeholders were received during the consultation. One society disagreed that directors should ever be paid by the society they serve, while another stated it would be better if more than a majority of the board could be paid. A member of the public stated that it was beneficial to have employees represented on boards, while a private bar lawyer commented that the section should be strengthened to completely prohibit contracts with affiliates.

The Ministry's advisory group for the Act, comprised of senior private bar lawyers practicing in the non-profit field, preferred repealing the provision entirely, but alternatively recommended clarifying several terms in s. 41 if the provision was not repealed (specifically, what is meant by "or entitled to receive remuneration" and what is meant by remuneration received "for being a director"). The advisory group explained that the provision is a source of confusion for many societies.

## **DISCUSSION:**

s.13

Page 09 of 42 to/à Page 10 of 42

Withheld pursuant to/removed as

s.13

s.13

**APPROVED / NOT APPROVED**

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Carole James  
Minister and Deputy Premier

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Date

**Ministry of Finance**

**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance and  
Deputy Premier

**Date Required:** October 29, 2019

**Initiated by:** Chris Dawkins  
Executive Lead  
Financial Real Estate and  
Data Analytics

**Date Prepared:** October 16, 2019

**Ministry Contact:** Chris Dawkins  
Executive Lead  
Financial Real Estate and  
Data Analytics

**Phone Number:** 778 698-9401  
**Email:** christina.dawkins@gov.bc.ca

**Cliff #:** 385598

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**TITLE:** Single Regulator for Real Estate – Automatic stay of appeals

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**PURPOSE:**

**(X) FOR DECISION**

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**DATE PREPARED:** October 16, 2019

**TITLE:** Single Regulator for Real Estate – Automatic stay of appeals

**ISSUE:** This note sets out the proposed changes to the *Real Estate Services Act* regarding the effect of filing a notice of appeal.

**BACKGROUND:**

Currently, under the *Real Estate Services Act* (RESA), a decision of a discipline committee is stayed by the filing of a notice of appeal with the Financial Services Tribunal (FST). This automatic stay applies to all disciplinary orders imposed by the Real Estate Council (Council) except for orders issued under section 45 [*orders in urgent circumstances*]. Unlike discipline orders issued by the Council, orders issued by the Superintendent of Real Estate (the Superintendent) are *not* stayed by the filing of an appeal.

**DISCUSSION:**

s.13

The *Financial Institutions Act*, the *Mortgage Brokers Act*, and the *Pension Benefits Standards Act* all allow a person to appeal a decision to the FST. However, unlike RESA, they do not create an automatic stay of disciplinary decisions. Instead, the FST member hearing the appeal has discretion to stay the decision on application by the person making the appeal.

Currently, under RESA, the Council is generally responsible for licensee discipline, while the Superintendent is responsible for unlicensed activity. However, the

Superintendent can conduct a hearing and issue discipline orders in cases where a licensee has acted "in a way that is seriously detrimental to the public interest."

A discipline order issued by the Superintendent is not stayed by the filing of an appeal. Similarly, the automatic stay of decisions does not apply to an order in urgent circumstances that is issued by the Council. s.13

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However, in cases where a discipline committee has conducted a hearing and has concluded that a licensee has acted in a way that warrants the suspension or cancellation of their license, the decision will be stayed by an appeal to the FST. s.13

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## PROPOSAL

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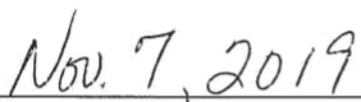
## RECOMMENDATION:

s.13

## DECISION:

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:** October 29, 2019

**Initiated by:** Chris Dawkins  
Executive Lead  
Financial Real Estate and  
Data Analytics

**Date Prepared:** October 16, 2019

**Ministry  
Contact:** Chris Dawkins  
Executive Lead  
Financial Real Estate and  
Data Analytics

**Phone Number:** 778 698-9401  
**Email:** christina.dawkins@gov.bc.ca

**Cliff #:** 385599

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**TITLE:** Single Regulator for Real Estate – Rule-making procedures

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**PURPOSE:**

**(X) FOR DECISION**

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**DATE PREPARED:** October 16, 2019

**TITLE:** Single Regulator for Real Estate – Rule-making procedures

**ISSUE:** This note sets out proposed changes to the approval process for real estate rules.

**BACKGROUND:**

Currently, under the *Real Estate Services Act* (RESA), the Superintendent of Real Estate (the Superintendent) has the authority to make rules governing licensee conduct. Under RESA, the rules are not subject to the *Regulations Act* and do not require the Minister's approval.

**DISCUSSION**

The procedures relating to rules were established when rule-making authority fell under the responsibility of the Real Estate Council (the Council), which was, at that time, a self-regulatory agency. However, following the release of the report from the Independent Advisory Group on Real Estate in 2016, the previous government amended RESA to make the Council entirely government-appointed and to transfer rule-making authority to the Superintendent of Real Estate.

As the *Regulations Act* does not apply, drafting the rules does not currently fall within the mandate of the Office of Legislative Counsel. <sup>s.13</sup>

s.13

In September 2018, the government released the *Real Estate Regulatory Structure Review Report* (the Report), which recommended that Ministry staff take a lead in policy development and that real estate rules be made subject to ministerial approval and the *Regulations Act*. <sup>s.13</sup>

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PROPOSAL

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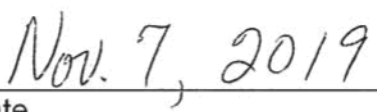
RECOMMENDATION:

s.13

DECISION:

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:** October 29, 2019

**Initiated by:** Chris Dawkins  
Executive Lead  
Financial Real Estate and  
Data Analytics

**Date Prepared:** October 16, 2019

**Ministry Contact:** Chris Dawkins  
Executive Lead  
Financial Real Estate and  
Data Analytics

**Phone Number:** 778 698-9401  
**Email:** christina.dawkins@gov.bc.ca

**Cliff #:** 385600

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**TITLE:** Single Regulator for Real Estate – Governance

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**PURPOSE:**

**(X) FOR DECISION**

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**DATE PREPARED:** October 16, 2019

**TITLE:** Single Regulator for Real Estate – Governance

**ISSUE:** This note sets out the proposed governance model for real estate regulation as it becomes part of the British Columbia Financial Services Authority (BCFSA).

**BACKGROUND:**

If the inclusion of real estate regulation in the mandate of the BCFSA is to be effective, the governance structure for real estate within the BCFSA should parallel the existing governance structure of the BCFSA as closely as possible. The relevant aspects of the governance structure for the BCFSA are set out below.

As part of its existing authorities, BCFSA regulates both individual mortgage brokers and their brokerages. Similar activities (for example, licensing and market conduct) are undertaken by both BCFSA in regulating the mortgage broker sector and the current entities regulating the real estate sector.

However, the real estate sector is different from other sectors regulated by the BCFSA (such as pension plans and financial institutions) in some ways: because regulation is generally in respect of individuals rather than organizations; the number of regulated real estate licensees greatly outnumbers the number of regulated entities in these other sectors of the BCFSA; and the focus of regulation within real estate tends to be on market conduct whereas the current regulation of these other sectors by the BCFSA has a large prudential component.

**BCFSA Governance Model**

The main features of the governance structure of the BCFSA are:

- BCFSA Board. The Board is comprised of 11 members. It is also the Board for the Credit Union Deposit Insurance Corporation (CUDIC). It has the responsibility to:
  - Appoint a CEO who is also the Superintendent of Pensions, the Superintendent of Financial Institutions and the Registrar of Mortgage Brokers and is the CEO of CUDIC;
  - Make rules for specific purposes under proposed amendments to the *Financial Institutions Act*. The rule making authority generally relates to managing systemic risk in the financial sector and includes setting out capital and liquidity requirements for financial institutions; setting out governance, market conduct and operational oversight requirements for financial institutions; and establishing requirements for domestic systemically important financial institutions;

- Designate domestically systemic important financial institutions; and
- Approve matters related to the creation, amalgamation and winding up of financial institutions.
- The CEO of the BCFSa and CUDIC is also the Superintendent of Pensions, Superintendent of Financial Institutions, Registrar of Mortgage Brokers. This individual:
  - Is responsible for the operation of the BCFSa; and
  - May appoint and delegate their statutory authorities to deputies in relation to their authorities as the Superintendent of Pensions, the Superintendent of Financial Institutions and the Registrar of Mortgage Brokers.
- The Financial Services Tribunal (FST) hears appeals of decisions made by the deputies.

## PROPOSAL

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**IMPLICATIONS:**

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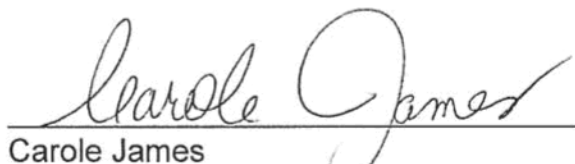
**RECOMMENDATION:**

s.13

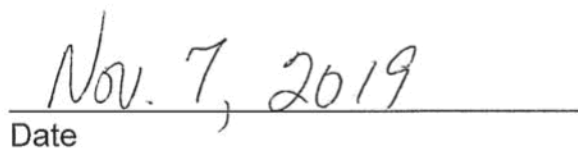
**DECISION:**



**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: October 7, 2019**  
**Date Required: October 7, 2019**

**Initiated by:** Lori Wanamaker  
Deputy Minister

**Date Prepared: October 7, 2019**

**Ministry**  
**Contact:** Keith Preston  
Strategic Advisor  
Tax Policy Branch

**Phone Number: 250 882-3974**  
**Email: Keith.D.Preston@gov.bc.ca**

**Cliff #: 385321**

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**TITLE:** Tax Treatment of Vapour Products

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**PURPOSE:**

**(X) FOR INFORMATION**

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**COMMENTS:** For Oct. 8 meeting with Honourable Adrian Dix, Minister of Health

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**DATE PREPARED:** October 7, 2019

**TITLE:** Tax Treatment of Vapour Products

**ISSUE:** Current and future taxes on vapour products

**BACKGROUND:**

While vapour products have been available in Canada for a number of years, federal legislation enabling the sale of nicotine-containing vapour products has only been in effect since May 2018. This legislation has opened the door to well-organized sellers backed by the tobacco industry and the increased availability of vapour products in locations where cigarettes are commonly sold, such as grocery stores, drug stores, gas stations, and convenience stores.

Vapour products—both liquids and delivery devices (e.g. e-cigarettes)—are taxed under the *Provincial Sales Tax Act* (PSTA) at a rate of 7 per cent. The PSTA does not distinguish between vapour products and other goods.

In April 2019, MLA Todd Stone introduced a private members bill focused on vape flavours, authorized sale locations, and increased compliance powers for government.

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No Canadian jurisdictions have publicly proposed changes to the tax treatment of vapour products. Specific vape taxes apply in around 10 US states and in several US cities. Washington State will begin taxing vapour products in late 2019. Close to two dozen countries impose specific taxes on vapour products.

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**DISCUSSION:**

s.13

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Withheld pursuant to/removed as

s.13

**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
and Deputy Premier

**Date Requested:** October 8, 2019  
**Date Required:** October 15, 2019

**Initiated by:** Lori Wanamaker  
Deputy Minister

**Date Prepared:** October 9, 2019

**Ministry Contact:** Keith Preston  
Strategic Advisor  
Tax Policy Branch

**Phone Number:** 250 882-3974  
**Email:** Keith.D.Preston@gov.bc.ca

**Cliff #:** 385379

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**TITLE:** PST rate options for vapour products

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**PURPOSE:**  
**(X) DECISION REQUIRED**

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**COMMENTS:**

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**DATE PREPARED:** October 9, 2019

**TITLE:** PST rate options for vapour products

**ISSUE:** Introducing a PST rate specific to vapour products

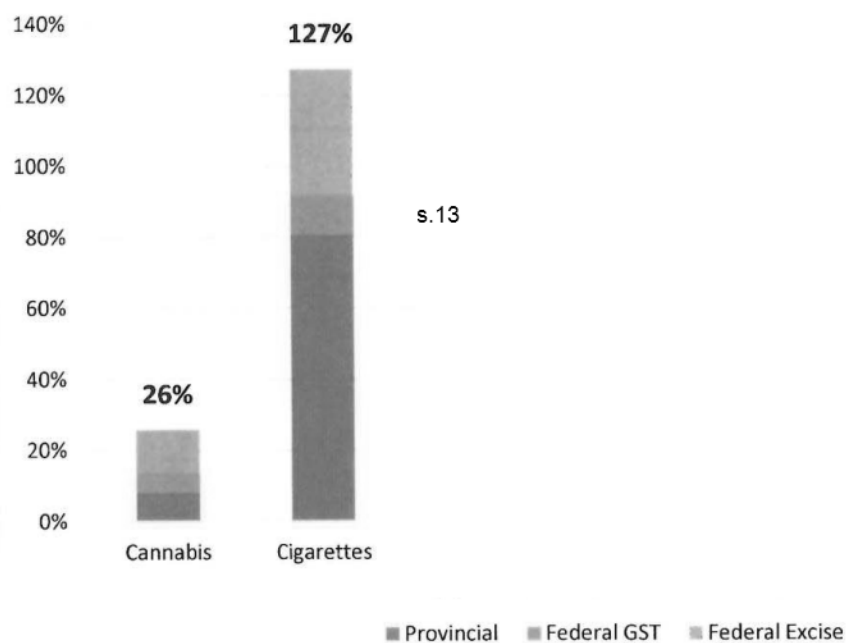
**BACKGROUND:**

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## DISCUSSION:

Figure 1 shows the rates of provincial and federal taxes on cannabis, cigarettes, and vapour products.

*Figure 1: Provincial and Federal Taxes as a Share of Pre-Tax Prices*



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Vapour products are a relatively new phenomenon. While they were initially lauded for their utility in harm reduction (for current cigarette smokers), they now face increasing criticism on a number of fronts. Youth vaping is on the rise and manufacturers are producing flavours and products that clearly appeal to youth. 2018 federal legislation legalized the sale of vapour products containing nicotine. <sup>s.13</sup>

s.13

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RECOMMENDATION:

• s.13

DECISION:

APPROVED / NOT APPROVED

*Carole James*

Carole James  
Minister of Finance and Deputy Premier

*Oct. 16, 2019*

Date

*approved Option 3 increase rate  
of PST on Vapour products  
from 7% to 20%,*

**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
and Deputy Premier

**Initiated by:** Doug Foster  
Assistant Deputy Minister  
Strategic Initiatives

**Date Prepared:** October 17, 2019

Richard Purnell  
Executive Director  
Tax Policy Branch

**Ministry Contact:** Doug Foster  
Assistant Deputy Minister  
Strategic Initiatives

**Phone Number:** 250-387-9022  
**Email:** Doug.Foster@gov.bc.ca

Richard Purnell  
Executive Director  
Tax Policy Branch

**Phone Number:** 778-698-5864  
**Email:** Richard.Purnell@gov.bc.ca

Brian Murata  
Strategic Advisor  
Tax Policy Branch

**Phone Number:** 778-698-5610  
**Email:** Brian.Murata@gov.bc.ca

**CLIFF#:** 385533

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**TITLE:** CleanBC Benchmarks

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**PURPOSE:**

**(X) FOR INFORMATION**

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**COMMENTS:**

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**DATE PREPARED:** October 17, 2019

**TITLE:** CleanBC Benchmarks

**ISSUE:** Implications of CleanBC decisions intended for the October 31, 2019  
Priorities and Accountability Cabinet meeting

**BACKGROUND:**

The CleanBC Program for Industry (CleanBC) was announced in *Budget 2018* and is funded by the carbon tax above \$30/tonne paid by large industrial emitters (facilities that emit above 10,000 tonnes of CO<sub>2</sub> equivalent emissions). The Program's intent is to reduce emissions while minimizing the risk of carbon leakage (operations moving to lower or no-carbon tax jurisdictions) and so, has two components:

- The Industrial Incentive Program (IIP), which provides an incentive (refund) of up to 100 per cent of carbon tax paid beyond \$30/tonne based on how a facility's emissions perform relative to a world-leading emissions benchmark; and
- The Clean Technology Fund, which directly invests in emission-reduction projects, also funded by carbon tax paid beyond \$30/tonne (after incentives have been paid).

In fall 2018, the Province was finalizing the Operating Performance Payments Agreement (OPPA) with LNG Canada. The OPPA's intent is to reduce LNG Canada's production costs and so it includes a commitment that the Province would implement the Program according to certain principles and that LNG Canada would be eligible to apply.

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s.12; s.13

**DISCUSSION:**

The OPPA's principles in relation to the Program s.13  
s.13

- 1) That the benchmarks will only consider facilities currently in operation globally (which would exclude the emissions of theoretical facilities or technologies); and

- 2) Reiterates the program's intent to prevent carbon leakage "through recognizing the global competitive landscape in which the Proponent operates". s.13  
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s.12; s.13

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Withheld pursuant to/removed as

s.12; s.13

**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable John Horgan  
Premier

**Date Requested:** October 18, 2019  
**Date Required:** October 21, 2019

**Initiated by:** Richard Purnell  
Executive Director  
Tax Policy Branch

**Date Prepared:** October 18, 2019

**Ministry Contact:** Shauna Sundher  
Strategic Advisor  
Tax Policy Branch

**Phone Number:** 778-698-9051  
**Email:** Shauna.Sundher@gov.bc.ca

**Cliff #:** 384535

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**TITLE:** Update on the Ports Competitiveness Initiative review

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**PURPOSE:**  
**(X) FOR INFORMATION**

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**COMMENTS:** To provide an update on the Ports Competitiveness Initiative review and next steps as requested by the MO and PO.

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Executive Director approval: \_\_\_\_\_

ADM approval: \_\_\_\_\_

**DATE PREPARED:** October 18, 2019

**TITLE:** Update on the Ports Competitiveness Initiative review

**ISSUE:** The Ministry of Finance has engaged with municipalities, port authorities and port operators as part of the Port Competitiveness Initiative review. Some stakeholders have written and suggested the review be postponed or re-started to give them more time to provide input.

**BACKGROUND:**

The government is reviewing the Ports Competitiveness Initiative (the initiative) in response to criticism from local governments and industry.

s.12; s.13

Tax Policy Branch sent letters on May 17 to affected municipalities, port operators (through the BC Marine Terminal Operators Association (BCMTOA)) and port authorities with an invitation to meet or participate in the review.

The Province received responses from most municipalities, the port authorities, several port operators and other stakeholders indicating their request to participate. Tax Policy Branch communicated to stakeholders that the first round of discussions would take place over the summer and asked for initial input or submissions to be received by the end of July.

The initial discussion was focused on an evaluation of the program from the stakeholder's perspective. The Province has set out to understand the following:

- Is the program meeting its objectives?
- Has it created any negative unintended consequences?
- How useful is the current program?
- Should some elements of the program be modified?

Some of the key messages that we have heard from stakeholders in our consultation to-date include:

- Port operators value the certainty that the program offers. A level of predictability is required to make new investment decisions.
  - Elimination of the program would create more problems than benefits.
  - The program has been successful in terms of encouraging new port investment.

- Port properties benefit from a reduced tax rate and relatively low land values compared to other properties within municipalities.
- Some municipalities have been forced to shift the tax burden from the ports to other taxpayers in their communities, often other industrial properties.
- The port operators want stability in their tax burden and municipalities want increases in taxes from ports in line with other municipal tax payers.

With the initial input provided by stakeholders, in addition to internal analysis completed within the Ministry of Finance, the review has been narrowed to the following areas:

- **First**, since 2006, designated port land values have increased by CPI, which have fallen far behind the increase in fee simple values. <sup>s.13</sup>  
s.13
- **Second**, the requirement to have the same municipal tax rate on both capped and un-capped properties has created issues. District of North Vancouver has had to reduce its major industry tax rate sharply because of quick increases in land values for non-designated properties. This low tax rate now also applies to designated ports properties, even though they also benefit from low land values.
- **Third**, the structure of the depreciation formula often results in reduced revenues for municipalities over time, even when those properties experience no change in their economic viability. <sup>s.13</sup>  
s.13

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## DISCUSSION:

BCMTOA has started a letter writing campaign. They have asked for more time and more structure for the review. This campaign began prior to receiving updated information on the progress of the review and its revised focus.

The BCMTOA has met with Minister's Office staff, the Deputy Minister of Finance and the Executive Director of Tax Policy.

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Stakeholders interested in the review should be directed to Shauna Sundher, Strategic Advisor, Tax Policy Branch, at [shauna.sundher@gov.bc.ca](mailto:shauna.sundher@gov.bc.ca) or 778-698-9051 if they have questions or would like to provide input.

**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
and Deputy Premier

**Date Requested:** October 18, 2019  
**Date Required:** October 24, 2019

**Initiated by:** Richard Purnell  
Executive Director  
Tax Policy Branch

**Date Prepared:** October 18, 2019

**Ministry  
Contact:** Marissa Burnell-Higgs  
Strategic Advisor  
Tax Policy Branch

**Phone Number:** 778-698-3915  
**Email:** Marissa.Burnell-Higgs@gov.bc.ca  
**Cliff #:** 385657

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**TITLE:** Decision of the Office of the Information and Privacy Commissioner's  
Inquiry into the *Speculation and Vacancy Tax Act*

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**PURPOSE:**

**(X) FOR INFORMATION**

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**COMMENTS:** OIPC upheld the ability to collect SIN under the SVTA

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**DATE PREPARED:** October 21, 2019

**TITLE:** Decision of the Office of the Information and Privacy Commissioner's Inquiry into the *Speculation and Vacancy Tax Act*

**ISSUE:** The authority to collect personal information under the *Speculation and Vacancy Tax Act* (SVTA).

## **BACKGROUND:**

The OIPC opened an Inquiry into the collection of personal information under the SVTA in March of 2019. The Inquiry was in response to complaints received by the OIPC that the Ministry of Finance had exceeded its authority by requiring residential property owners to provide their Social Insurance Number (SIN), and other personal information including name, address, date of birth and email address in order to fill out the declaration form under the SVTA.

The Ministry responded to the Inquiry in May of 2019 and the concluding arguments were provided to the OIPC in June of 2019 for their consideration. On October 18, 2019 the OIPC released their decision.

## **DISCUSSION:**

The OIPC opened an inquiry after receiving complaints from members of the public who were concerned with the collection of their social insurance number. The OIPC chose to open an expediated inquiry rather than complete a full investigation of the complaints. The Ministry raised a number of arguments outlining how the collection of personal information was authorized under the SVTA and the *Freedom of Information and Protection of Privacy Act* (FOIPPA). The complainants also had an opportunity to provide written submissions to the OIPC, which the Ministry reviewed and responded to during the Inquiry.

In the decision released on October 18<sup>th</sup>, the OIPC's adjudicator found that collection of the information is authorized under s. 26(c) of FOIPPA because the SVTA is a program of the Ministry and that the collection of all of the personal information at issue is necessary to administer the tax. She agreed that the information collected is critical to the administration of the tax due to its relationship with the *Income Tax Act* and in how the exemptions and tax rates affect those who pay BC income taxes. The Adjudicator concluded that she could not see any other reasonable means to verify a person is a resident of BC without the collection of SIN.

The Ministry argued that the collection of the personal information is authorized under s. 26(a) and (c) of FOIPPA. The argument under s. 26(a), which provides that the collection is expressly authorized under an Act, was not addressed by the Adjudicator because she was satisfied that s. 26(c) applied.

In essence, the Adjudicator accepted all of the Ministry's arguments in support of the authority to collect personal information under the SVTA.

The Adjudicator also accepted the Ministry's arguments regarding the authority to use and disclose personal information under the SVTA.

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**Ministry of Finance**  
**BRIEFING DOCUMENT**

**To:** Honourable Carole James  
Minister of Finance  
and Deputy Premier

**Initiated by:** Lori Wanamaker  
Deputy Minister  
Ministry of Finance

**Date Prepared:** Oct 8, 2019

**Ministry Contacts:** Jim Hopkins  
ADM, Provincial Treasury  
Ministry of Finance

**Phone Number:** 250-387-9295  
**Email:** [jim.hopkins@gov.bc.ca](mailto:jim.hopkins@gov.bc.ca)

Paul Stanley  
Chief Security Officer  
Government Security Office

**Phone Number:** 778-698-5722  
**Email:** [paul.stanley@gov.bc.ca](mailto:paul.stanley@gov.bc.ca)

**Cliff # 383513**

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**TITLE:** Establishment of a suitable security model for providing personal protection of the Lieutenant Governor of BC.

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**PURPOSE:**

(X) FOR DISCUSSION

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Executive Director approval: \_\_\_\_\_

ADM approval: \_\_\_\_\_

DM approval: \_\_\_\_\_

**ISSUE:**

To discuss the personal security and safety of the Lieutenant Governor (LG) of British Columbia while on official duties. Security for the person occupying the LG role is worthy of careful consideration and it is in this spirit that the briefing note is prepared.

**BACKGROUND:**

The Government Security Office (GSO) prepared a comprehensive Threat and Risk Assessment (TRA) entitled 'Government House Security Evaluation' in 2017. Within the first part of the TRA it was noted that there were no known direct threats to the security of the LG in representing Her Majesty Queen Elizabeth II. This assessment has not changed.

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The 'Government House Security Evaluation' TRA is consistent with best practices in the security industry and in line with the methodologies employed in military and law enforcement organizations. To achieve this, the risk is linked to the vulnerability of the LG to a potential attack and consequently the risk assessment takes into consideration those associated collateral impacts.

The TRA also included a comprehensive review of other security-based factors at Government House including the house and other structures and the entire area of the extensive grounds. The findings of this second part of the document were compiled into a list of security requirements that has subsequently been scrutinized, prioritized, and planned over the following 18 months, with budget allocations during this current fiscal and the following three consecutive fiscal years. Work will soon begin on security upgrades to the interior and exterior of Government House and in various other parts of the property.

Following on from the TRA, a jurisdictional scan was carried out by the LG's personal secretary for and on behalf of the GSO. This scan was directed at the private secretaries across the provinces with the aim being to produce a suitable province-wide comparison of similar services. s.16

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**Federal Government Financial Support**

Canadian Heritage gives an annual grant to Government House of about \$100,000 to support the LG. The grant is intended to cover travel and accommodation, and

hospitality and administration expenses not covered by the province. The grant does not provide a fixed amount for operational security of the LG.

## **DISCUSSION:**

### **Options:**

#### **1. Current Status of LG security**

As a direct result of the TRA and with the permission of the LG, an interim service provision aimed at providing a level of operational mitigation to the observed and identified risks has been implemented. This has been established by utilizing qualified staff from the GSO who have specific, relevant training in close protection from previous careers in law enforcement and the Canadian Armed Forces.

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A risk assessment is carried out in collaboration with the LG's private secretary on every event that the GSO team attends. This can then be extended to a more comprehensive assessment with associated operations plans when required. GSO team members are also trained in conducting continuous situational threat assessments while on duty.

The role provided by the GSO team has been clearly defined and agreed as one of support and facilitation to allow the LG to go about official duties safely. The GSO team member in attendance is tasked to ensure that the LG is appropriately safeguarded and that law enforcement agencies are made aware of the LG's attendance in their jurisdictional area, thus ensuring a suitable response in the event of any relevant incident.

Deployment of GSO support is integrated into the event planning with cooperation from the venue and local authorities. This activity is regarded as 'security liaison' and as such is why the GSO team member in attendance will be referred to in the planning as a 'Security Liaison Officer'. This term is widely understood by Law Enforcement in connection with close protection management.

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The need to provide consistent and sustainable standards of protection for the LG has given rise to a detailed review of other available options as well as suggestions for an innovative approach to ensure the development of an appropriate, fiscally prudent, and sustainable security model.

To date, discussions have been held with the Royal Canadian Mounted Police (RCMP) who provide protection for the premier, the BC Sheriffs who currently deploy protective environments to the provincial judiciary and in some cases, crown counsel.

We have also considered utilizing existing provincial employees who have previous relevant security experience, (police and military) and who would be able to hold peace officer status.

Our assessment of these options follows.

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The current protection team at the GSO are all attested as peace officers and designated as Special Provincial Constables under the *BC Police Act*. These individuals all possess specific training with regards to security techniques required when safeguarding a VIP. Past experiences and training from police agencies, or the military are essential when performing these duties.

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**REQUEST:**

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**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:** Treasury Board Staff

**Date Prepared:** October 21, 2019

**Ministry**  
**Contact:** Peter Argast  
Senior Treasury Board Analyst

**Phone Number:** 778-974-3608  
**Email:** peter.argast@gov.bc.ca

**Cliff #:** 385659

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**TITLE:** Speculation and Vacancy Tax revenues and expenses

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**PURPOSE:**

**(X) DECISION REQUIRED**

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**COMMENTS:** s.13  
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Executive Director approval: \_\_\_\_\_

ADM approval: \_\_\_\_\_

DM approval: \_\_\_\_\_

**DATE PREPARED:** October 21, 2019

**TITLE:** Speculation and Vacancy Tax revenues and expenses

**ISSUE:** Legislation requires that revenues collected from the Speculation and Vacancy Tax be used to support the development of housing in regions where the tax is collected.<sup>s.13</sup>  
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## BACKGROUND:

### *Speculation and Vacancy Tax (SVT)*

- The SVT is an annual tax paid by some owners of residential properties in designated taxable regions in B.C. Residential property owners who occupy their property as their principal residence or rent out their property for at least six months of the year are exempt from the tax.
- Residential properties are taxable if located in one of the specified areas defined in the *Speculation and Vacancy Tax Act*. The specified areas consist of 40 municipalities within five regional districts: Capital, Central Okanagan, Fraser Valley, Metro Vancouver and Nanaimo (see Appendix A).
- Legislation requires SVT revenues to be used to fund housing, shelter or rental initiatives within the regional district where the tax was collected.<sup>1</sup>
- From 2019 onward, the SVT rate is 2% for foreign owners and 0.5% for Canadian citizens and permanent residents. The tax is levied at the end of the calendar year and due the following July.

**Table 1: Speculation and Vacancy Tax Revenue Forecast (\$ millions)**

Fiscal year	2018/19	2019/20	2020/21	2021/22
Total forecasted revenues*	87.0	185.0	185.0	185.0
Actual revenues collected**	115.0			

Source: \*Budget 2019, page 119. \*\*Public Accounts for 2018/19 - year 1 = 15 months Jan. 1, 2018 to March 31, 2019

### *Housing Priority Initiatives Special Account*

- The Housing Priority Initiatives (HPI) Special Account was established in 2016. The Minister of Finance, supported by Treasury Board Staff, has authority over the HPI Special Account.

<sup>1</sup> *Special Accounts Appropriation and Control Act* Section 9.7 (4.1)

- The *Special Accounts Appropriation and Control Act* provides for a wide range of spending activities through this account on purposes related to housing. These purposes include:
  - providing operating grant expenditures;
  - funding capital investments in land and housing/rental infrastructure; and
  - funding loans and guarantees that support new or ongoing housing, rental and shelter programs.
- All revenues collected from the SVT must be deposited in the HPI Special Account. The special account is also funded by Property Transfer Tax revenues as directed by Treasury Board.
- To date, this account has been used primarily to flow funding to BC Housing to support housing programs: \$488.771M forecasted in 2019/20.

**Table 2: Housing Priority Initiatives Special Account Allocations (\$ millions)**

2017/18 Actual	2018/19 Actual	2019/20 Budget	2020/21 Forecast	2021/22 Forecast
30.548	320.725	488.771	531.289	505.829

Source: Ministry of Finance Public Accounts (actuals) B.C. Housing (budget and forecast)

## DISCUSSION:

### *Affordable housing investments*

- Government has made significant investments in affordable housing – \$7 billion over 10 years in commitments made in *Budget 2017 Update*, *Budget 2018* and *Budget 2019*. These investments will support the creation of 114,000 affordable homes across the full spectrum of housing needs. This is consistent with the mandate direction to the Ministry of Municipal Affairs and Housing, and *homes for BC: A 30-Point Plan for Housing Affordability in British Columbia*.

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Withheld pursuant to/removed as

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**OPTIONS:**

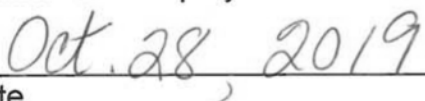
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**RECOMMENDATION:**

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**APPROVED / NOT APPROVED**

  
\_\_\_\_\_  
Carole James  
Minister and Deputy Premier

  
\_\_\_\_\_  
Date

## APPENDIX A

Table 3: Municipalities and Regional Districts included in the SVT

<u>Capital Regional District</u>	<u>Metro Vancouver Regional District</u>
Central Saanich	Anmore
Colwood	Belcarra
Esquimalt	Burnaby
Highlands	Coquitlam
Langford	Delta
Metchosin	City of Langley
North Saanich	Township of Langley
Oak Bay	Maple Ridge
Saanich	New Westminster
Sidney	City of North Vancouver
Sooke	District of North Vancouver
Victoria	Pitt Meadows
View Royal	Port Coquitlam
	Port Moody
	Richmond
	Surrey
	University Endowment Lands
	Vancouver
	West Vancouver
	White Rock
<u>Fraser Valley Regional District</u>	<u>Regional District of Nanaimo</u>
Abbotsford	<u>Lantzville</u>
Chilliwack	Nanaimo
Mission	
<u>Regional District of Central Okanagan</u>	
Kelowna	
West Kelowna	

## APPENDIX B

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