

## Jobs, Trade and Technology

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## **“Clone” Speech Highlights**

### **Highlights:**

- The previous government’s June Throne Speech resembled the BCNDP platform more closely than their own election platform.
- Since voting unanimously to pass the Throne Speech, the Opposition has criticized a number of policies it contained.

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## **Commitments from the previous government's throne speech:**

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- Create a new Minister of State for mental health and addictions.
- Place one person in each school trained to identify mental health issues, and who can refer kids to resources.
- Review MSP to consider how it can be eliminated as soon as possible.
- Eliminate tolls on the Port Mann and Golden Ears Bridges.
- Match federal funding for the Mayors Transit Plan.
- Provide fare relief to ferry-dependent communities.
- Consult with the public and stakeholders on ridesharing, and refer any legislation to an all-party committee.
- Review the funding formula for school districts.
- Invest in seismic upgrades and school construction, including funding for playgrounds.
- Fully fund Adult Basic Education and English Language Learning programs.
- Promised free post-secondary education for kids aging out of care.
- Increase monthly social assistance rates by \$100.
- Raise carbon tax \$5/tonne per year from 2019 to 2022 to meet the federal mandate of \$50/tonne.
- Take the Climate Leadership team advice to protect workers and businesses.
- Hire more conservation officers.
- Hold a referendum on proportional representation.
- Ban corporate, union, third party, and out of province donations to political parties.
- Put in place a limit on political donations from individuals.
- Ban funding from federal to provincial political parties.
- Ban loans to parties from organizations other than chartered banks and credit unions.
- Apply provincial electoral reforms to municipal elections.
- Strengthen lobbyist legislation and regulations.
- Consider moving the fixed election date to the fall.
- Continue economic stability dividend.
- Develop a poverty reduction strategy that focuses on children.
- Promised \$1 billion over four years to create new child care spaces including:
  - 60,000 new spaces over 4 years;

- Covering an additional 150,000 children with full or partial childcare subsidies; and
- Funding up to 4,000 new early childhood educators with \$10 million in grants and bursaries.
- Explore co-location of childcare spaces in elementary schools.
- Double funding for the BC Arts Council.
- End the fixed-term lease loophole, and protect tenants' rights when landlords make improvements to rentals.

# Main Message - Better Services

## Background:

- BC's NDP government was sworn in on July 18, 2017.
- Since then, the government has moved quickly to improve services to British Columbians.

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# Accomplishments

## Background:

- BC's NDP government was sworn in on July 18, 2017.
- This is a list of accomplishments achieved since that time.

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## Main Messages – Jobs

### Highlights:

- The Opposition has claimed that this Government's priorities will lead to job losses and will discourage investment in the province.
- Sauder School of Business economist James Brander and Business Council of BC Exec VP Jock Finlayson claimed that tax increases could hurt investment.

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# **Asian Trade Goals**

## **KEY MESSAGES**

**Ministry of Jobs, Trade and Technology**

**Confidential**

**Nov. 9, 2017**

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**Ministry of Jobs, Trade and Technology**  
**Questions and Answers**  
**BC Chamber of Commerce – Ministers Breakfast Series**  
**Nov. 17, 2017**  
**Surrey, B.C.**

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# Accomplishments

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## Background:

- BC's NDP government was sworn in on July 18, 2017.
- This is a list of accomplishments achieved since that time.

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# Trade – Main Messages

## Highlights:

- Work the Minister of State for Trade has been undertaking to foster trade in BC.

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# Main Messages – Trade

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# NAFTA

## Highlights:

- 5<sup>th</sup> round of negotiations wrapped in Mexico City on Nov. 21 – none of the major issues were resolved after this round.
- A Scotiabank report released Nov. 21 concluded that a deal was unlikely to be reached, citing updated US objectives targeting supply management, US wine displays in BC stores, and rules of origin for manufacturing.

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## Background:

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- The US has also tabled a proposal to remove Chapter 19, a dispute resolution mechanism, from NAFTA. Canada has successfully used Chapter 19 in the past, and most recently filled for a ruling under Chapter 19 on tariffs imposed in the softwood lumber dispute.
- Talks will resume for a 6<sup>th</sup> round in Montreal Jan. 23-28

**ADVICE TO MINISTER**

<p><b>CONFIDENTIAL ISSUES NOTE</b></p> <p><b>Ministry of Jobs, Trade and Technology</b></p> <p><b>Date:</b> Oct. 18, 2017</p> <p><b>Minister Responsible:</b> Hon. Bruce Ralston</p>	<p><b>NAFTA Renegotiation</b></p>
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**SUGGESTED RESPONSE:**

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**Background:**

The trilateral statement on the conclusion of Round 4 on October 17, 2017, was notable because it:

- Acknowledged the “significant conceptual gaps” among the Parties and the

## ADVICE TO MINISTER

- challenges created by the proposals tabled during the Round;
- Announced a longer intersessional period between Round 4 and Round 5 and delaying Round 5 from October 28 to November 17;
  - Confirmed that negotiations would not be completed by the end of the year and that additional negotiating rounds would be scheduled through the first quarter of 2018; and
  - Directed Chief Negotiators to reach an agreement “in a reasonable period of time”.

Discussions on the Competition Chapter are substantively complete, with progress made in other areas such as: customs and trade facilitation, digital trade, good regulatory practices, and certain sectoral annexes. Parties have now put forward substantially all initial text proposals.

On October 17, 2017, there were media reports that the Trump administration had made some tough proposals that Canada and Mexico would not agree to. The proposals include demands to open Canada’s dairy sector, more American content for cars and a sunset clause that would require the parties to agree to renew the agreement every five years. The Prime Minister and the Mexican president are staying at the table despite the impasse on some topics.

These media reports follow news on October 15th that the U.S. is proposing an end to the supply management system that protects Canada's industry for dairy, chicken, eggs and poultry within the next 10 years.

On Oct. 11, 2017, Prime Minister Trudeau met with President Trump, the House Ways and Means Committee and the House of Representatives in Washington D.C. The goals of Prime Minister Trudeau’s visit were to find common ground between Canada and the U.S. on NAFTA, and to emphasize the significance and economic benefits of Canada’s trade with the U.S.

Since the fourth round of NAFTA talks began on October 11<sup>th</sup> in Arlington, VA, media have reported Trudeau’s cautious optimism, being prepared for anything in Trump’s reaction, as Trump has repeatedly threatened to pull the U.S. out of NAFTA since the renegotiations started this year. Trump alluded to this possibility again during the public portion of his Oval Office meeting with Trudeau:

*“It’s possible we won’t be able to make a deal, and it’s possible that we will...I think Justin understands that if we can’t make a deal, it’ll be terminated, and that’ll be fine... [Canada is] going to do well, we’re going to do well. But maybe that won’t be necessary.”*

*(Toronto Star, “Trudeau says he’s braced for a ‘surprise’ as Trump’s NAFTA proposals grow more protectionist”, Oct. 11, 2017)*

Trump stated if the renegotiations fail he was open to bilateral free trade agreements with Canada and/or Mexico.

If the U.S. withdraws from the existing NAFTA, the Canada-U.S. trade relationship would revert to the Canada-U.S. Free Trade Agreement (which came into effect in 1989), and the NAFTA would become a Canada-Mexico Free Trade Agreement.

Should the U.S. also withdraw from the Canada-U.S. Free Trade Agreement, trade between the two countries would revert to most-favoured nation (MFN) tariffs under the World Trade Organization (WTO) General Agreement on Tariffs and Trade.

In the third round, the negotiators concluded most of the discussions on the new chapter for small and medium- sized enterprises, and continued negotiations in other related areas. They also made progress in the areas of telecommunications, competition policy, digital trade and customs trade facilitation.

In the second round of NAFTA renegotiations, which began on Sept. 1 in Mexico, Canada, Mexico and U.S. officials focused on a number of areas, such as:

- investment,
- digital trade,
- textiles,
- technical barriers to trade,
- labour,
- intellectual property,
- customs administration and trade facilitation,
- government procurement,
- the environment,
- rules of origin,
- market access for goods
- dispute settlement.

The three countries have reiterated their commitment to an accelerated timeline for negotiations, with a goal of concluding negotiations towards the end of 2017.

### **Canada's objectives**

Canada's objective is to make a good agreement even better, to better align NAFTA to new realities in trade and investment, and to incorporate its progressive trade agenda into the Agreement. Its goal is to get a good agreement for Canadians, not just any agreement.

Prior to the first round of renegotiations, Canada's team of negotiators, led by Foreign Affairs Minister Chrystia Freeland, announced Canada's core objectives in the renegotiation. These objectives are:

1. To modernize NAFTA: this will ensure that Canada will continue to have a vibrant and internationally competitive technology sector and that all sectors of its economy.
2. To make NAFTA more progressive: NAFTA discussions will be informed by the ideas in the Canada – European Union Comprehensive Economic and Trade Agreement (CETA) by bringing labour safeguards and environmental provisions into the agreement and by adding new chapters on gender rights and indigenous peoples.

# NAFTA Renegotiation

**Issue:** As NAFTA is being renegotiated, the opposition may ask what government is doing to protect BC's interests.

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**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**

**Date:** Oct. 3, 2017

**Minister Responsible:** Hon. Bruce Ralston

**NAFTA Renegotiations -  
B.C. Wine in Grocery  
Stores**

**SUGGESTED RESPONSES:**

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## BACKGROUND:

On Sept. 28, 2017, the US permanent mission to the World Trade Organization requested consultation about some B.C. measures (law, regulations) governing the sale of wine in grocery stores and the request has attracted media attention.

Several media outlets have reported on the U.S. administration's concern over the sale of B.C.-only wine in B.C. grocery stores, and it may include this item in the NAFTA renegotiation with the Government of Canada.

~~The U.S. launched a trade enforcement action against Canada through the World Trade Organization (WTO) dispute settlement process in January 2017. New Zealand, Australia, Argentina and the European Union joined the dispute as third parties. The U.S. administration claims that the sale of B.C.-only wine in grocery stores gives B.C. producers a market advantage and has an adverse effect on U.S. wine producers. The first stage in this process is consultations, and the U.S. had a consultation meeting with Canada on April 21, 2017.~~

The U.S. Trade Representative has indicated that the administration may go to a dispute settlement panel in Geneva or seek resolution of their concerns in the NAFTA renegotiations with the Government of Canada, as it believes that WTO's preliminary consultations failed to address its concerns.

In August 2017, Canada's International Trade Minister Francois-Philippe Champagne told media that the federal government will protect Canadian interests, including B.C.'s wine industry, during NAFTA renegotiations with the U.S.

Concerns have been voiced in the media that the Province might be unable to protect B.C. wineries' interests against international pressures.

Attorney General David Eby, formerly the critic for liquor policy, predicted that in the future, other imported wines will be sold at B.C. grocery stores.

*"We know what the trade obligations are going to result in, which is the opening of the grocery-store shelves," he told the House last year. "That will be, initially, all B.C. products. Then it will be all products. So if it's all wine products, then it will be international wine products as well, because it is very difficult to justify, under trade obligations, anything else." (Times Colonist: Grocery wine becomes NDP's problem, Aug. 10, 2017)*

The 1987 Canada-U.S. Free Trade Agreement had some measures to protect the Canadian wine industry, in exchange for opening up the Canadian market to more U.S. wines. These protections allow those stores that were currently selling only B.C. wine to continue to do so, and these protections were integrated into NAFTA in 1994.

In addition, the Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) allows up to 60 B.C.-only wine stores in the Province, of which 49 are now in operation.

Communications Contact: Jessica Li & Tasha Schollen (JTT)  
Program Contact: Janna Jesse  
Last updated: Sept. 29, 2017

## WTO Complaint on BC Wines

### Background:

- In April 2015, the previous government brought in legislation creating licenses for grocery stores to sell BC wines.
- In January 2017 the US government filed a complaint to the WTO regarding this new legislation.
- In October 2017 the US government filed a subsequent complaint

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**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**  
**Date:** November 14, 2017  
**Minister Responsible:** Hon. Bruce Ralston

**Comprehensive and  
Progressive Agreement  
for Trans-Pacific  
Partnership (CPTPP).**

### **SUGGESTED RESPONSES:**

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## **Background:**

On November 10<sup>th</sup>, 2017, the federal government notified staff at the Ministry of Jobs, Trade and Technology that agreement on the core elements of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) had been reached by the eleven remaining Trans-Pacific Partnership Agreement countries. TPP 11 countries will continue working on the four remaining issues on which substantial progress was made but that consensus must be achieved prior to the CPTPP is signed.

Full details of the Agreement are not yet known but information coming from the federal government indicates a positive outcome.

This news is a way forward on the TPP following the US' withdrawal earlier this year.

The TPP-11 ministerial statement, list of suspended provisions, and list of items to be finalized are expected to be released later today BC time (Saturday in Vietnam, where the TPP-11 Ministers currently are).

TPP-11 countries have met several times this year working to reach a new Agreement by the end of the year.

On Sept. 30, 2017, the Government of Canada officially launched public consultations seeking feedback on a potential TPP11. The consultations (email and mail submissions) ended on Oct. 30, 2017.

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### TPP background

The original TPP was made up of 12-member countries: Canada, the U.S. (until January 23, 2017), Japan, Mexico, Australia, New Zealand, Singapore, Brunei, Vietnam, Malaysia, Chile and Peru.

The TPP was considered one of the most ambitious trade and investment initiatives negotiated in the Asia-Pacific region and aimed to enhance trade and investment, promote innovation, economic growth and development, and create jobs.

The market of the original 12-member countries represented more than 792 million people and a combined GDP of \$28 trillion—more than 38% of the world's economy.

In 2016, B.C.'s domestic exports of goods to the Trans-Pacific Partnership's 12 original signatory members (including the U.S.) were \$26 billion, or roughly 66% of the province's international goods exports.

Communications Contacts: Lara Perzoff/ Courtney Stewart/ Tasha Schollen

Program Area Contacts: Chelsie Luciani/ Benjamin Kolisnyk/ Robert Musgrave/ Steve Anderson

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**Canada-China Exploratory Discussion on a Potential Free  
Trade Agreement**

**KEY MESSAGES**

**Ministry of Jobs, Trade and Technology**

Confidential

December 4, 2017

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**Communications Contacts: Lara Perzoff/ Courtney Stewart**  
**Program Contacts: Janel Quiring/Steve Anderson**

# Softwood Lumber

## Highlights:

- The ongoing softwood lumber dispute was heightened by tariffs imposed by the Trump administration that put forestry companies and jobs at risk.
- A decision was announced Nov. 1, 2017 by the US Department of Commerce imposing tariffs of approximately 20.83%.
- Canada has launched appeals of the duties through NAFTA Ch. 19 and WTO processes.

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## Background:

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- US announced finalized duties of 20.83% on Nov.1.
- The federal government rejected the last offer tabled by the US on Nov. 1.
- Premier Horgan and Prime Minister Trudeau discussed the disputes on Oct. 3.
- The US Department of Commerce (US DoC) was applying preliminary countervailing duties and anti-dumping duties totalling 26.75%, before the finalized duties were announced.
- The ITC decision on injury is expected by Dec. 28, 2017, following a vote on Dec. 7 or 8. It will also determine if critical circumstances existed, in which case retroactive duties would be charged to companies going back 3 months.
- On Nov. 14, Canada filed under Chapter 19 of NAFTA for a binational panel to rule on the duties imposed by the US. The panel of five arbitrators agreed to by both countries would have the ability to decide if the duties meet US law.
- On Nov. 28, Canada wrote two letters to US trade diplomat Christopher Wilson asking for WTO consultations – one each regarding the anti-dumping and countervailing duties imposed by the US on Nov 1.
- The letters assert that the US made inconsistent calculations on lumber pricing, and therefore imposing the duties failed to comply with international trade law.

### Previous Government record on softwood:

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## ADVICE TO MINISTER

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**

**Date:** Oct. 4, 2017

**Minister Responsible:** Hon. Bruce Ralston

# Softwood Lumber Dispute

### SUGGESTED RESPONSES:

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## BACKGROUND:

On October 3, 2017, B.C. Premier John Horgan met with Prime Minister Justin Trudeau and premiers from other provinces and territories at the first ministers' meeting in Ottawa. At the meeting, Premier Horgan discussed the current softwood lumber disputes between the U.S. and Canada, as well as other issues including marijuana legalization and tax reforms. Media have quoted Premier Horgan that B.C. is prepared to go to court with the U.S. to protect the province's interests.

Earlier this year, the Premier had met with U.S. Secretary of Commerce Wilbur Ross in Washington about the current softwood disputes.

On November 25, 2016, the U.S. industry filed a petition with the U.S. Department of Commerce alleging that Canadian lumber exports are subsidized, that Canadian exporters were dumping lumber into the U.S. below cost, and that these actions injure the U.S. industry.

The U.S. Department of Commerce has identified four companies as mandatory respondents for the subsidy and dumping investigations, three of them are B.C.-based companies (Canfor, West Fraser, and Tolko).

On April 24, 2017, the U.S. Department of Commerce issued a preliminary determination of countervailing duty rates and on June 26, the U.S. Department of Commerce announced preliminary anti-dumping duties.

Company	Countervailing	Anti-dumping	Total
West Fraser	24.12%	6.76%	30.88%

## ADVICE TO MINISTER

Canfor	20.26%	7.72%	27.98%
Tolko	19.50%	7.53%	27.03%
Resolute	12.82%	4.59%	17.41%
J.D. Irving	3.02%	6.87%	9.89%
All others	19.88%	6.87%	26.75%

On April 24, 2017, the U.S. Department of Commerce made a preliminary finding of "critical circumstances" (significant increase in Canadian lumber exports) for J.D. Irving and the "all others" group of companies, but not to Canfor, Resolute, Tolko and West Fraser. This means that Irving and all other companies will need to pay countervailing duties on their shipments made since Jan 28, 2017 and anti-dumping duties since April 1.

Since August 28, 2017, companies only pay the provisional anti-dumping duty, an average of 6.87% on shipments of lumber to the U.S.

The U.S. Department of Commerce has extended their final determination until no later than November 13, 2017. This allows additional time for Canada and the US to try and reach a negotiated settlement to the dispute.

The U.S. will finalize duty rates following the publication of the final determinations by both the U.S. Department of Commerce and the International Trade Commission.

Similar to the last lumber dispute, we expect Canada will file numerous appeals against the imposition of softwood lumber duties under the North American Free Trade Agreement (NAFTA), World Trade Organization (WTO), and the US Court of International Trade (CIT).

Cash deposits will be held in trust by the U.S. until all Canadian appeals of U.S. decisions are finalized.

Communications Contacts: Jessica Li/ Courtney Stewart/Tasha Schollen  
(FLNRO-GCPE contacts: Jeremy Uppenborn/Vivian Thomas)

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## NEWS RELEASE

[release number] DRAFT12  
November 2, 2017

Office of the Premier  
Ministry of Forests, Lands, Natural  
Resource Operations and Rural  
Development  
Ministry of Jobs, Trade and Technology

### B.C. to fight softwood lumber duties

VICTORIA – Premier John Horgan re-affirmed his commitment today to stand-up for British Columbia workers, families and communities in light of the latest development in the softwood lumber dispute.

The U.S. Department of Commerce has announced its final determination of duties of 20.83% to be applied to the majority of Canadian softwood lumber shipments entering the U.S. The final countervailing duty rate is 14.25% (a decrease from the preliminary rate 19.88%) and the final anti-dumping duty rate is 6.58% (a decrease from the preliminary rate 6.87%).

“We will continue to fight for the 60,000 British Columbians who depend on forestry,” said Horgan. “The forest sector is an integral part of B.C.’s sustainable economy, and we will make sure workers, families and communities have the support they need to mitigate the impact of these duties. The reduction in rates by the U.S. Department of Commerce further indicates the strength of our appeal case and strengthens our resolve to fight for B.C.”

About half of Canada’s softwood lumber exports to the U.S. originate from British Columbia and the U.S. is British Columbia’s largest market for softwood lumber products. Over the past year, high lumber prices have helped to mitigate the impact of the softwood lumber duties on B.C. companies.

“This trade action is being driven by the protectionist U.S. lumber lobby whose sole purpose is to constrain imports of high-quality Canadian lumber and to drive up lumber prices for their own benefit,” said Susan Yurkovich, President of the BC Lumber Trade Council. “This trade action ultimately punishes American consumers who are now paying higher prices for Canadian lumber when they buy, build or renovate their homes.”

“The U.S. continues to attack its closest friend, neighbour and ally while domestically the U.S. lumber coalition continues to put the interest of its members ahead of what is good for the American economy and American consumers,” said Bruce Ralston, Minister of Jobs, Trade and Technology. “The U.S. lumber industry cannot produce enough lumber to meet U.S. demand. A reliable source of softwood lumber products from B.C. and Canada will benefit the U.S. housing industry and American home-buyers.”

British Columbia will be supporting the federal government in appealing the U.S. Department of Commerce's findings. The appeals cannot be filed until after the U.S. International Trade Commission issues its determination in December.

"The dispute with the U.S. highlights the need to grow other markets for B.C. wood products. To that end, I'm leading a forestry sector trade mission with over 35 senior forestry executives to China and Japan later this month. This mission builds on previous work done to grow these important markets." said Forests, Lands, Natural Resource Operations and Rural Development Minister Doug Donaldson. "As well, we're also committed to expanding our innovative wood products sector and developing public sector procurement policies that prioritize the use of B.C. wood."

B.C.'s forest sector is an integral part of a sustainable economy. In 2016, the B.C. forest sector supported 60,000 direct jobs and one in four manufacturing jobs. The B.C. government is committed to working with communities and industry to create more B.C. jobs from every tree harvested in B.C.

**Learn more:**

Softwood lumber trade: [www.gov.bc.ca/softwoodlumber](http://www.gov.bc.ca/softwoodlumber)

A backgrounder follows.

**Media Contacts:**

Office of the Premier

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Communications Director  
Ministry of Forests, Lands, Natural Resource  
Operations and Rural Development  
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# FREQUENTLY ASKED QUESTIONS

## Softwood Lumber: final duty rates

### What is a countervailing duty?

- A countervailing duty is a duty assessed by the U.S. Department of Commerce on Canadian exports of softwood lumber to the U.S. The U.S. Department of Commerce argues that in their view the duty is required to offset unfair subsidies that Canadian and provincial governments allegedly provide to lumber companies.
- British Columbia disagrees with this view. In the last two lumber disputes, Canada won appeals of each countervailing duty order that the U.S. Department of Commerce imposed and each injury determination by the U.S. International Trade Commission. B.C. is confident that Canada will win again on appeal of this unfair ruling.

### What is an anti-dumping duty?

- An anti-dumping duty is a duty assessed by the U.S. Department of Commerce on Canadian exports of lumber to the U.S. The U.S. argues that the duty is required to offset unfair selling practices by Canadian lumber companies that are allegedly selling lumber into the U.S. at a price below their costs or sales value in Canada.
- British Columbia disagrees with this view.

### What is the breakdown of the rates?

- The U.S. Department of Commerce investigated five companies and assessed final countervailing duties (CVD) and anti-dumping duties (ADD) as follows:
  - Canfor: 13.24% (CVD) 8.89% (ADD)
  - Irving: 3.34% (CVD)
  - Resolute: 14.7% (CVD) 3.2% (ADD)
  - Tolko: 14.85% (CVD) 7.22% (ADD)
  - West Fraser: 18.19% (CVD) 5.57% (ADD)
  - All Others: 14.25% (CVD) 6.58% (ADD)
- The duty rate assessed on all other companies is 20.83%. This includes a final CVD rate of 14.25%, which is the weighted average of the duty rates assessed on the five companies, and a final AD rate of 6.58%, which is the weighted average of the four chosen companies (Canfor, Resolute, Tolko, and West Fraser).

### When do the final duty rates come into effect?

- In the countervailing duty case, companies have not been required to pay duties since August 26, 2017. Payment of countervailing duties will resume at the final duty rates following the publication of an affirmative ruling on injury by the International Trade Commission (ITC), which is expected in December 2017.
- The final anti-dumping (AD) duties will continue to be payable until December 27. Absent a final ruling on injury by the International Trade Commission, there could be a short gap

period where AD duties are not payable between December 27 and the publication date of the International Trade Commission final ruling. The final duties will then resume.

#### **Why the time difference on when the final rates apply?**

- The countervailing duty and anti-dumping cases are independent investigations and governed by different regulatory requirements and timelines.

#### **What is the status of the critical circumstances finding?**

- While the U.S. Department of Commerce found that critical circumstances did not apply in the countervailing duty case, they found that critical circumstances did apply for all companies in the anti-dumping duty case, except for Canfor. However, the International Trade Commission (ITC) final decision on critical circumstance will determine if retroactive duties will be applied. The ITC final determination is expected in early December.

#### **What does “critical circumstances” mean?**

- In its preliminary determination in April, 2017, the U.S. Department of Commerce found “critical circumstances” (significant increase in Canadian lumber exports over a given time period). As a result, companies would be required to pay preliminary countervailing duties retroactively (90 days prior to the preliminary determination being published in the U.S. Federal Register, which happened April 28) if the International trade Commission also makes a finding of critical circumstances.

#### **What is the process for companies to collect refunds on the difference between the preliminary and final duty rates?**

- Since the final rates are lower than the preliminary rates, the U.S. Department of Commerce will issue instructions to U.S. Customs to refund the difference. U.S. Customs has six months to provide the refunds.

#### **What is the current timeline for litigation?**

- **Nov. 25, 2016** – U.S. industry (COALITION) filed a petition with the U.S. Department of Commerce asking them to investigate Canadian softwood lumber products.
- **Dec. 15, 2016** – U.S. Department of Commerce initiated its investigation.
- **Jan. 6, 2017** – The U.S. International Trade Commission preliminarily found that Canadian softwood lumber products were “injuring” American companies. As a result, the U.S. Department of Commerce continued its investigation.
- **April 24, 2017** – U.S. Department of Commerce issued preliminary countervailing (subsidy) determination.
- **April 28, 2017** – Preliminary countervailing determination published in U.S. Federal Register. Canadian companies start paying cash deposits on lumber shipments to U.S. until August 25, 2017. Given the preliminary finding of “critical circumstances” all Canadian companies, except for Canfor, Resolute, Tolko and West Fraser are subject to duty liability on lumber shipments made since about January 28, 2017.
- **June 23, 2017** – U.S. Department of Commerce issued preliminary anti-dumping determination.



- **June 26, 2017** – Canadian companies were required to pay cash deposits at the anti-dumping duty rate. Given the preliminary finding of “critical circumstances” all Canadian companies, except for Canfor, Resolute, Tolko and West Fraser will be subject to anti-dumping duty liability on lumber shipments made since about April 1, 2017.
- **Aug 26, 2017** – Cash deposits for the countervailing duty are no longer required until the ITC final determination is published, which is currently expected in December.
- **December 27, 2017**– cash deposits for anti-dumping duty no longer required until the ITC final determination is published, which is currently expected in December.
- **Late December/early January** – Final countervailing and anti-dumping orders published.
- **Late December/early January** – Canada commences appeal process.

**What is the status of exclusions request for cedar, other high value products, lumber harvested from private lands and companies without tenure?**

- The U.S. Department of Commerce has not granted any of these scope exclusions. These products will be subject to the duties established by the final determination.

**What are the avenues for appeal?**

- Appeals can be made to WTO and either NAFTA or the U.S. Court of International Trade. Avenues for appeal will be explored after the final determinations are issued by the U.S. Department of Commerce.

**What’s the current status of negotiations for a new agreement? Are any talks scheduled?**

- While there are no formal talks are currently scheduled, Government remains active in engaging key officials and stakeholders in both Canada and the U.S.
- Since July, Premier John Horgan has:
  - met with Prime Minister Justin Trudeau to discuss status of the negotiations.
  - travelled to Washington DC with our U.S. Trade Envoy David Emerson to meet with various senior U.S. officials including U.S. Department of Commerce Secretary Ross and U.S. Trade Representative Robert Lighthizer.
  - had several discussions with Minister Freeland on the status of ongoing negotiations and to reiterate B.C.’s interests and positions.
- Since July, U.S. Trade Envoy David Emerson has
  - Travelled to Ottawa to meet with senior officials from Global Affairs Canada, the Primer Minister’s Office and the Privy Council Office.
  - Participated in a live discussion broadcast hosted by Canada’s Ambassador to the U.S. David MacNaughton along with all Softwood Special Envoys from other provinces.
  - Travelled to Portland, Oregon to meet with Oregon Senator Jeff Merkley and other senior officials as part of an outreach program organized by the Canadian Consulate in Seattle.

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## Foreign Investment

**Issue:** The opposition members claim B-C is no longer open to investment and that BC NDP policies are telling companies that we are closed for business.

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## ADVICE TO MINISTER

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**

**Date:** Nov. 1, 2017

**Minister Responsible:** Hon. Bruce Ralston

# Release of Federal Immigration Plan 2018- 2020

### SUGGESTED RESPONSES:

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### BACKGROUND:

On Nov. 1, 2017, the Federal Government tabled their immigration plan for 2018 to 2020 in the House of Commons. The plan seeks to increase the level of immigrants admitted in Canada by 40,000 permanent residents over the next three years, a 13% increase from current levels. Under the plan, admissions would increase from 300,000 in 2017 to 310,000 in 2018; 330,000 in 2019; and 340,000 in 2020.

Roughly 60% of all permanent resident admissions in Canada by 2020 would come from the economic category of immigrants. Immigrants from family-class would make up 27% of all admissions by 2020, with refugees and protected persons making up 14%.

Allocations to the Provincial Nominee Program represent a significant share of growth, with PNP levels increasing from 55,000 in 2018 to 67,800 by 2020.

The plan represents a change from previous years' targets because it includes

immigration levels for three years, instead of the traditional one-year forecast.

The Federal Government called the plan "the most ambitious immigration levels in recent history," and stated that increased immigration levels will help reduce backlogs and decrease processing times for families sponsoring spouses, children, parents, grandparents and caregivers.

Contacts:

GCPE: Andrew Patrick (PAO) / Brad Densmore (CM) / Tasha Schollen (CD)

Program: Cloe Nicholls (ED) / Deb Zehr (ED) / Rob Mingay (ADM)

**ADVICE TO MINISTER**

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology  
Date: Oct. 26, 2017  
Minister Responsible: Bruce Ralston**

**Census Data -  
Immigration Percentage  
Decrease**

**Suggested response:**

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## ADVICE TO MINISTER

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### **BACKGROUND:**

On Oct. 25, the Globe and Mail reported on Statistics Canada's census data release on immigration. The data indicated the percentage of new immigrants coming to B.C. decreased for the fourth consecutive census, which Stats Canada attributed, in part, to economic factors in where recent arrivals end up.

It noted the percentage of recent immigrants settling in B.C. dipped considerably since 2001. In comparison, immigrants settling in the Prairies more than doubled over that same time frame.

One commenter in the Globe and Mail attributed B.C.'s decline to the lack of a comprehensive immigration strategy that maps out how to attract and retain immigrants.

B.C.'s share of recently settled immigrants was 20.8 per cent in 2001, second behind Ontario's 55.9 per cent. B.C.'s share dropped to 14.5 per cent by 2016, trailing Ontario at 39 per cent.

Media reported that B.C.'s high cost of living - including the price of housing - could have played a role in its decrease in immigration share, noting the province's housing and job markets are a challenge for immigrants who arrive without much savings.

Statistics Canada noted other factors that could explain the changes in geographic distribution, including introducing the provincial nominee program.

## ADVICE TO MINISTER

Communications Contact: Andrew Patrick (PAO) / Brad Densmore (CM) / Tasha Schollen (CD)  
Program Area Contact: Jordan Bennett/ Patricia Summers (A/ED) / Christine Little (ADM)



## Refugee Claimants

**Issue:** Canada has been receiving an influx of refugee claimants through irregular border crossings. While BC receives a smaller share than many provinces, claimants between January and June 2017 are 60% higher than last year.

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## ADVICE TO MINISTER

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**

**Date Updated:** July 31, 2017

**Minister Responsible:** Hon. Bruce Ralston

# **Temporary Foreign Workers (TFWs)**

## **SUGGESTED RESPONSES:**

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### **KEY TFW FACTS:**

- B.C. welcomes an average of 36,000 new Canadians to our province each year.
- 90% of current Provincial Nominees came to B.C. as temporary foreign workers.
- Nearly 1/3 of all immigrants in B.C. started as temporary residents.
- The vast majority of TFWs (more than 70%) are here under the federal International Mobility Program.

## ADVICE TO MINISTER

- This federal program includes highly paid occupations such as professors and researchers or foreign students on working vacations or young people here under reciprocal international work agreements.
- Overall TFWs play only a small role in the B.C. job market, representing just half of one percent of the B.C. workforce.

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## ADVICE TO MINISTER

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## ADVICE TO MINISTER

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### BACKGROUND:

The federal TFW Program received significant media coverage with high-profile cases alleging abuses of the program:

- HD Mining (Tumbler Ridge – longwall miners)
- Royal Bank (Toronto – outsourcing IT workers)
- Tim Hortons (Ferne – mistreatment of workers)
- Lower Mainland Steel (Vancouver - Labour Relations Board of BC – workers fired for talking with a union)
- McDonalds (Victoria – abuse of program)
- Multiple Restaurants (Estevan, Sask. – abuse of program)

In April and then again in June of 2014, the federal government announced major changes to the TFW Program. The changes introduce stronger enforcement mechanisms, fees for program use, caps on TFWs, new ways of classifying occupations and tougher penalties for employers.

### TFW program information:

Following the 2014 changes, there are now two streams in the TFW program:

- **Temporary Foreign Worker** program
  - requires a Labour Market Impact Assessment (LMIA)
  - workers are committed to the employer.
- **International Mobility Program**
  - does not require LMIA
  - includes a number of sub-streams where workers are on an open work permit:
    - International Experience Canada (youth mobility),
    - intra-company transferees under NAFTA
    - as a spouse or common law partner of a foreign worker

Where a worker is in Canada under an LMIA, there are significant barriers to changing employers and therefore, these TFWs may be in a more vulnerable position. While it may be difficult for a TFW to transfer to another employer, it is not impossible – the TFW would need to find a different employer with an LMIA or an employer willing to apply for one and then obtain a new work permit.

### HUMA Response

## ADVICE TO MINISTER

On Jan. 31, 2017, the federal government issued its report on the TFW program to the Standing Committee on Human Resources, Skills and Social Development. The report does not include any new federal commitments but, rather, is a re-statement of commitments to make the TFW program more effective for workers, businesses and the Canadian economy.

The report re-iterated the following changes that were previously announced on Dec. 13, 2016:

- introducing stronger recruitment requirements, where appropriate, for low-wage employers so that Canadian workers traditionally under-represented in the labour market (youth, persons with disabilities, Indigenous peoples, and newcomers) have better access to available job opportunities;
- eliminating the four-year cumulative duration rule;
- extending the exemption on the cap for seasonal industries for 2017;
- maintaining the workforce cap at 20% for employers who accessed the TFWP before June 20, 2014; and,
- committing to further developing pathways to permanence for foreign workers.

These previously announced changes are generally aligned with the needs and interests of key sectors in BC. Further details are provided in the attached table. The federal government stated that it will not be announcing further details on changes to the TFW program until Budget 2017, which is currently expected to be late February or early March.

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# Restaurant Jobs

## Highlights:

- Following media coverage of a Victoria restaurant that was forced to close several days a week as a result of staffing shortages, media attention has focused on the availability of cooks to support the hospitality industry.
- This is considered a recruitment and retention issue, not a training issue.

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## Background:

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- Restaurants have been reporting a chronic labour shortage in chefs.
- Many restaurants are unable to recruit or retain chefs and cooks, and some have even reported having vacancies open for years.
- Labour market data shows that there is no strong evidence of a sector-wide shortage but there are acute shortages outside the Lower Mainland and for independent, seasonal employers and specialized restaurants.
- Workers who train in culinary occupations will often leave the industry after working in restaurants for several years. Reports on the labour shortage cite low wages, poor working conditions, and lack of work-life balance as the reasons workers leave.
- Restaurant owners cite small profit margins and heightened competition in the industry as reasons they are unable to pay higher wages.
- Labour market data for 2015 and 2016 show that cooks and chefs have tended to have higher than average employment insurance utilization, unemployment rates and higher turnover.
- In the last year, 39% of employers reported a vacancy with kitchen positions ranked as hard to fill.
- Media reports on this issue state that chefs and kitchen staff typically earn approximately \$20/hour.
- The Ministry of Advanced Education funds a pilot program with the BC Restaurant and Food Services Association to improve HR practices of independent restaurants with the goal of improving retention.
- They also fund the labour market partnership program which helps employers understand and respond to changing labour market demands, and ensures that training and education programs are aligned with labour market needs and priorities.

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## Jobs Plan

**Issue:** The opposition may push for details on the government's jobs plan and/or pose general questions about job creation and job losses.

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# Jobs Plan

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### **Minister Ralston Small Business Week Statement**

- Good afternoon, as Minister of Jobs, Trade and Technology I can tell you that small Businesses are the foundation of our economy, creating jobs and generating economic growth.
- To support the strong contribution of B.C.'s small businesses, Small Business Week is an opportunity to celebrate and recognize the key role they are playing in the social well-being and economic success of our province.
- Small Business week runs from October 15-21.
- I am honoured to share with you some facts about small businesses and the tremendous role they play in every community in the province.

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- 98% of all businesses in British Columbia are small and in 2016, there were approximately 396,100 small businesses operating in the province.

- In 2016, B.C. had the most small businesses per capita in the country.
- They are a significant driver of B.C.'s economy, providing jobs for over one million people and generating over a third of our province's Gross Domestic Product.
- In addition to proclaiming Small Business Week, we are also releasing the updated Small Business Profile, and we are supporting free access to "ask an expert" services and seminar/webinar training offered through Small Business BC.
- We will continue to support BC's small businesses through the BC Small Business Roundtable, which plays a key role identifying and providing advice on issues and opportunities facing small businesses .
- We will create a Small Business Task Force, which will hear directly from small businesses on the specific issues hampering their growth which will help us to



identify specific actions government can take to further strengthen the small business sector in B.C.

- I am delighted to celebrate the contributions small businesses make to our province today and appreciate that our small business owners are taking greater risks and pursuing their dreams, and as a result, creating good jobs for the people of B.C .
- Today I proclaim this week as Small Business Week in British Columbia.
- Last but not least, I would like to acknowledge the following attendees for their contribution and support \_\_\_\_\_

**ADVICE TO MINISTER**

<p><b>CONFIDENTIAL ISSUES NOTE</b></p> <p><b>Ministry of Jobs, Trade and Technology</b></p> <p><b>Date:</b> Oct. 26, 2017</p> <p><b>Minister Responsible:</b> Hon. Bruce Ralston</p>	<p><b>Small Business Confidence—October</b></p>
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**SUGGESTED RESPONSES:**

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## **BACKGROUND:**

The Business Barometer Index (Index) is based on survey information collected from the Canadian Federation of Independent Business (CFIB) membership, and captures both a national and provincial outlook by each province.

On a scale between 0 and 100, an index above 50% means owners expecting their business performance to be stronger in the next year outnumber those expecting weaker performance. One normally sees an index level of between 65 and 70 when the economy is growing at its potential.

Small businesses employ more than one million British Columbians, and account for 54% of private-sector employment in the province. Small businesses make up 98% of all business in B.C. and generate 34% of the province's gross domestic product.

### **Outlook in British Columbia (October 2017):**

- British Columbia's Business Barometer Index increased by two points in October to 61.9, putting it in third place nationally.
- B.C. sits above the national average of 57.2.
- It is not unusual for monthly confidence levels to shift by three to four points. This month's shift in confidence shows a stronger positive turn than the rest of the country.
- B.C.'s full-time hiring plans improved from last month, with 20% of owners planning to increase staffing (up five points) and 8% expecting to cut back (down three points.) This was significantly better than the national average where 16% of business owners expect to add full-time hires and 17% are planning cut-backs.
- 53% of B.C. business owners say their businesses are in good shape, a three-point gain from September, while 7% say their business is in 'bad health'. These are better than the national average of 41% (good) and 11% (bad).

### **Overall Outlook Nationally:**

- Canada's small business confidence index went up slightly in October. CFIB's Business Barometer Index now stands at 57.2, up from 56.9 last month.

## ADVICE TO MINISTER

- The most optimistic is Quebec (67.6), followed by Nova Scotia (62.5) and British Columbia (61.9)
- Newfoundland and Labrador (48.3) and Saskatchewan (52.7) saw the lowest optimism numbers and continue to lag.
- Seven out of ten provinces are at or below 60 points this Business Barometer.

### Historical BC Small Business Confidence Rankings:

Date	BC Index	National Ranking
Oct-17	61.9	3rd
Sept-17	59.9	5th
Aug-17	63.3	6th
July-17	65.8	5th
Jun -17	69.5	1st
May-17	69.4	1st
Apr-17	67.1	2 <sup>nd</sup>
Mar-17	64.9	4th
Feb-17	63.7	7th
Jan-17	65.2	(tied) 3 <sup>rd</sup>
Dec-16	69.5	1st
Nov-16	69	2 <sup>nd</sup>
Oct-16	65.5	2 <sup>nd</sup>
Sep-16	63.3	3 <sup>rd</sup>
Aug-16	65.6	2 <sup>nd</sup>
Jul-16	66.4	2 <sup>nd</sup>
Jun-16	69.3	1 <sup>st</sup>
May-16	67.1	2 <sup>nd</sup>
Apr-16	65.4	2 <sup>nd</sup>
Mar-16	62.5	3rd
Feb-16	61.1	4 <sup>th</sup>

Jan-16	62.8	(tied) 3 <sup>rd</sup>
Dec-15	65.9	3 <sup>rd</sup>
Nov-15	66.6	3 <sup>rd</sup>
Oct-15	65.7	2 <sup>nd</sup>
Sep-15	62.9	2 <sup>nd</sup>
Aug-15	64.1	3 <sup>rd</sup>
Jul-15	67.5	2 <sup>nd</sup>
Jun-15	71.8	1 <sup>st</sup>
May-15	73.6	1 <sup>st</sup>
Apr-15	71.9	1 <sup>st</sup>
Mar-15	70.4	1 <sup>st</sup>
Feb-15	69.1	2 <sup>nd</sup>
Jan-15	71.4	1 <sup>st</sup>
Dec-14	72.4	1 <sup>st</sup>
Nov-14	73.9	1 <sup>st</sup>
Oct-14	71.9	2 <sup>nd</sup>
Sep-14	70.9	3 <sup>rd</sup>
Aug-14	70.2	3 <sup>rd</sup>
Jul-14	72.3	1 <sup>st</sup>
Jun-14	73.7	1 <sup>st</sup>
May-14	74.1	1 <sup>st</sup>
Apr-14	71.9	2 <sup>nd</sup>
Mar-14	71.2	2 <sup>nd</sup>
Feb-14	71.4	1 <sup>st</sup>
Jan-14	71.8	1 <sup>st</sup>

Contacts:

GCPE: Andrew Patrick (PAO) / Brad Densmore (manager) / Tasha Schollen (CD)  
Program: Jordan Bennet (director of strategic initiatives)/ Christine Little (ADM)

## Taxes & Competitiveness

### Highlights:

- The BC Liberals have claimed that the government's tax plans will harm business competitiveness and jobs.

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## Background:

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- The Budget update implemented the 2017 campaign promise to increase the corporate income tax rate from 11% to 12%.
- This rate keeps BC competitive with other jurisdictions and matches the CIT rate in Manitoba and Alberta.
- Many other provinces have higher corporate tax rates ranging from 14% in New Brunswick to 16% in Nova Scotia and PEI. Saskatchewan, Ontario, and Quebec are slightly lower at 11.5%.
- The Budget update also cut small business taxes from 2.5% to 2.0% which is a 20% reduction.
- BC's small business tax rates will be tied with Saskatchewan for the second lowest rate in the country, after Manitoba which has no small business tax.
- Small businesses create the majority of jobs in B.C.
- BC's new carbon pricing plan will increase the carbon levy by \$5 each year starting April 1, 2018.
- The BC Liberal member from Chilliwack-Hope proposed eliminating the corporate tax altogether. That would create a \$4 billion shortfall that would have to be made up by massive cuts – such as eliminating 2/3rds of all spending on elementary AND secondary education, or the elimination of all social assistance and child welfare spending.



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## Federal SME/CCPC Tax Changes

### Highlights:

- The federal government's proposed changes to small business tax rules has caused a significant backlash – including from doctors, tech cos and others.
- The BC Liberal Caucus wrote to Morneau asking him to withdraw all proposals.
- The Prime Minister announced a cut to the small business tax rate to 9% and has promised changes to the proposals to address some of the concerns raised.

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## Background:

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- In July, the Federal government proposed changes to eligibility for the small business tax rate that were intended to prevent misuse of the deductions.
- The original proposals included measures to address three issues:
  - Income sprinkling – where owners divide their revenue among family members, even if they do not contribute to the business, in order to claim some income at a lower tax bracket and pay less taxes.
  - Income from passive investment – where owners hold investments unrelated to a business' operations within the corporation to shield them from higher taxes.
  - Conversion to capital gains – where some owners use complex structures to convert revenues into capital gains which are taxed at a lower rate.
- After significant public backlash, the Liberals announced they will make changes to the proposed reforms to target the reforms to high income earners.
- On October 16<sup>th</sup> they announced that they will lower the small business tax rate to 9 per cent by 2019 – after having paused planned reductions last year.
- The government has released a backgrounder on modifications to simplify the income sprinkling proposal by measuring an individual's contribution to a business by four principles.
- The federal Department of Finance says that the vast majority of private corporations will not be impacted by the changes to small business rules. They estimate that about 50,000 family-owned corporations (about 3%) benefit annually from income sprinkling. About 80% of these families earn more than \$125,000 in total income and half earn more than \$200,000.
- The federal government has also abandoned proposed reforms to prevent the multiplication of the Lifetime Capital Gains Exemption, in response to concerns about impacts on inter-generational transfer of small businesses.
- The government has also released a backgrounder on modifications to passive-income measures in order to allow up to \$50,000 of passive investment income annually to be tax sheltered and grandfathering all existing investments.
- The new passive income measure will affect just 3 percent of small businesses, which earn more than 88 per cent of total taxable income.
- Details on changes to measures related to the conversion of income into capital gains are still pending.
- The walkback has been generally well received by small business stakeholders.

**ADVICE TO MINISTER**

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**

**Date:** Oct. 24, 2017

**Minister Responsible:** Hon. Bruce Ralston

**Federal Small Business  
Tax Reform**

**Suggested responses:**

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## **BACKGROUND:**

On the week ending Oct. 20, 2017, the federal government announced changes to its original tax reform proposal for Canadian-control private corporations (CCPC). Earlier iterations of the plan were unpopular with many small business owners, including tech-workers, farmers, doctors, and others.

In response to public concern, the federal government committed to reducing the small business tax rate in stages, from 10.5% to 9% by 2019. Many of the details of the policy changes to the reform plan are said to be forthcoming, with draft legislation expected as part of Budget 2018.

### **Changes to the tax reform package include:**

- **On passive investments:** Private corporations will be allowed to invest \$50,000 a year in passive investments without a higher rate of taxation. The change represents a shift from an earlier proposal to tax all passive investment income from CCPCs at the personal income tax level.
- Passive investments that have already been made by private corporations' owners, including the future income earned from those investments, will be protected. The measures will only apply on a go-forward basis.
- **On income sprinkling:** the federal government will introduce "reasonableness tests" for family members aged 18-24 and those 25 and older.
- These adults will be asked to demonstrate their contribution to the business in four areas:
  - Labour contributions;
  - Capital or equity contributions to the business;
  - Taken on financial risks of the business, such as co-signing a loan or other debt; and/or

## ADVICE TO MINISTER

- Past contributions in respect to previous labour, capital or risks.
- **On capital gains:** The federal government will not move forward with earlier measures relating to the conversion of income into capital gains, based on concerns raised by the public about the potential impact on intergenerational transfers of family businesses.

### Issue in B.C. context

On Oct. 5, 2017, Minister Carole James said the premier discussed the proposed federal tax changes with the prime minister during the First Minister's Meeting. She further said the Province raised concerns through the finance ministers and other channels.

Vancouver Board of Trade (GVBOT) has reported that more than 25,000 emails have been sent through its web campaign to the federal government expressing concerns about the policy changes. The CFIB has also received many calls from its B.C. members (10,000 total members in B.C.).

The CFIB has since provided a mixed reaction to the federal government's changes to the original plan. The group called the capital gains changes "great news," but said they "remain worried" that the reasonableness tests for income-splitting "will not reflect the formal and informal ways family members participate in a business."

### Original Proposal by federal government

In July, the federal government proposed changes to eligibility for the small business tax rate that were intended to prevent misuse of the deductions.

The original reforms proposed included measures to address three issues:

- **Income sprinkling** – where owners divide their revenue among family members, even if they do not contribute to the business, in order to claim some income at a lower tax bracket and pay less taxes.
- **Income from passive investment** – where owners hold investments unrelated to a business' operations within the corporation to shield them from higher taxes.
- **Conversion to capital gains** – where some owners use complex structures to convert revenues into capital gains which are taxed at a lower rate.

Communications Contact: Andrew Patrick / Brad Densmore/ Tasha Schollen (CD)  
Program Area Contact: Jordan Bennett/ Jaclynn Hunter (ED) / Christine Little (ADM)

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**  
**Date: Oct. 25, 2017**  
**Minister Responsible: Bruce Ralston**

**Family Day Change:  
Impact on Small  
Business**

**Suggested response:**

## ADVICE TO MINISTER

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### **BACKGROUND:**

Media has reported that the Premier is considering a change to when Family Day is held in B.C. and the minister could be asked about potential impacts to small businesses should it go ahead.

A online petition began in 2015 to change B.C. Family Day from the second to the third Monday in February to align the holiday with other jurisdictions has attracted



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more than 20,000 signatures (see <https://www.change.org/p/unitefamilyday>). The petition argues that federal employees, business owners and those who conduct business across Canada and North America are often required to work on B.C. Family Day.

Supporters in the past of the push to change the B.C. Family Day timing include: David Eby (MLA, Vancouver Point Grey), Andrew Weaver (MLA, Oak Bay-Gordon Head), Andrew Johns (entrepreneur), and Som Seif (President & CEO, Purpose Investments).

The Greater Vancouver Board of Trade supports the current timing of B.C.'s Family Day as they recognize the benefit to the tourism and resort economy to have a distinct week (essentially, hosting tourists from other provinces one week and British Columbians another – extending holiday weekends over two weeks instead of one).

However, the Surrey Board of Trade is supportive of the proposal to align Family Day with other provinces, stating that “we have heard from our members, particularly those that have business connections and clients throughout Canada, that they experience difficulties that have a financial impact... we believe the economic benefit derived from alignment will greatly assist our members and especially the small and medium sized businesses across the province.” (Letter to Premier Horgan, Oct. 23, 2017).

Burnaby Board of Trade is also supportive and has stated: “For companies which conduct business in other parts of Canada or in the United States this misalignment of holidays can create a barrier to commerce and trade and can be a significant inconvenience.”

B.C. Family Day was established as the second Monday in February based on consultations with British Columbians from across the province. The first B.C. Family Day was celebrated in 2013.

B.C. received more than 31,000 votes and 3,000 comments were received through the web poll component of the public engagement regarding the date preference (between holding the holiday the second or third Monday in February). Of those that expressed a preference, almost twice as many supported the second Monday of February. The Province also consulted with educators, the

## ADVICE TO MINISTER

tourism and broader business sector to understand the economic and social impacts and benefits to their areas.

\*Note: Key messages in this document originated from the Ministry of Labour

Communications Contact: Andrew Patrick / Brad Densmore/Tasha Schollen (CD)

Program Area Contact: Jordan Bennett/ Patricia Summers (A/ED) / Christine Little (ADM)

**ADVICE TO MINISTER**

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology  
Date: Oct. 25, 2017  
Minister Responsible: Bruce Ralston**

**Property Tax Increases in  
Metro Vancouver and  
Small Businesses**

**Suggested response\*:**

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## ADVICE TO MINISTER

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### BACKGROUND:

On Oct. 25, 2017, the Vancouver Sun reported that many small businesses in Metro Vancouver were having difficulty paying their property taxes due to recent increases. The story highlighted two reports about municipal taxes and small business – one from Altus Group and another from the Canadian Federation of Independent Businesses (CFIB).

The Altus report examined the ratio between commercial tax rates and residential tax rates in ten major Canadian cities over the past year. It found the tax burden in Vancouver has shifted from residents towards business and was an outlier in this respect. Most Canadian cities in the study shifted the property tax burden from business owners to homeowners.

The CFIB study reported that real property tax growth in Metro Vancouver has occurred along with a rise in municipal spending, and outpaced population growth in B.C. nearly fourfold. The growth in real property tax rose 45% between 2005 and 2015. Vancouver increased operating spending per person by 20 per cent, after adjusting for inflation and population growth, the report said.

Communications Contact: Andrew Patrick / Brad Densmore/Tasha Schollen (CD)

Program Area Contact: Jordan Bennett/ Jaclynn Hunter (ED) / Christine Little (ADM)

# Community Benefit Agreements

## Highlights:

- Premier Horgan gave a speech to the BC Federation of Labour discussing the value of evaluating infrastructure bids not just for cost, but for benefits returned to the community.
- Community Benefit agreements are used to ensure communities receive benefits from infrastructure projects – such as apprenticeships, local hiring, supporting local businesses, or equity hiring requirements.
- The opposition and media may ask about the impact of these agreements on the cost of projects.

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## Background:

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- Project labour, now more appropriately named community benefit agreements are often used by government and communities to ensure that benefits of infrastructure procurement are returned to the community.
- This can be in the form of apprenticeship quotas for local, Indigenous, or under-represented groups, the use of local businesses for supplies, use of unionized labour, or equity hiring quotas.
- The government could use community benefit agreements to create jobs in BC, especially in remote and rural communities.
- Parts of these agreements would fall under the Ministry of Advanced Education, Skills, and Training, the Ministry of Labour, and the Ministry of Jobs, Technology and Trade.
- Previous procurement projects by the BC Liberals that ran over budget were:
  - In 2009, the BC place roof and renovations were estimated to cost \$365 million. The final project cost was \$514 million.
  - In 2004, the Vancouver Convention Centre was estimated at \$565 million, but the final cost was \$900 million.
  - When BC Hydro's Northwest Transmission Line was first proposed, it was estimated at \$404 million, but in 2013 it was re-estimated during construction that the final cost would be \$736 million.
- In 2014, small businesses complained that power from the Northwest Transmission line was unusable due to recouping of hook up costs by BC Hydro, which is not a requirement of industrial users.

**MBR: Script - Video Message for Manufacturing Month Opening  
Ceremony Oct. 4<sup>th</sup>, 2017**

**Messages covered:**

- BC Manufacturing Stats
- Goals and initiatives of the Ministry of Jobs, Trade and Technology
- Export Navigator
- Manufacturing Week

**SUPER: Minister of Jobs, Trade and Technology Bruce Ralston**

- Hi, I'm Bruce Ralston, the Minister of Jobs, Trade and Technology.
- I wish I was able to join all of you this evening and I'm sorry I can't be there.
- Manufacturing is a major economic driver for our Province.
- The sector employs more than 170 thousand people, and generates \$16 billion for the province's economy.
- With more than 7 thousand manufacturing companies across B.C., it is vital that we create the conditions to keep the sector competitive.



- Through new and ongoing labour market partnerships, we'll help to ensure you have educated and skilled workers to match your employment needs.
- My colleague, Minister of State for Trade George Chow, has a mandate to work across ministries and with you, the B.C. chapter of CME, to further export opportunities for B.C. businesses.
- Furthermore, he will also work with the Minister of Advanced Education, Skills and Training to develop a multi-year growth strategy for expanding exports in the manufacturing sector.
- Beyond working on a strategy for future growth, we have programs in place that are helping manufacturing businesses reach new export markets.
- One of the ways we are currently helping businesses grow their markets is through the B.C. Government's Export Navigator pilot program.
- The Export Navigator program was created to help give businesses the guidance they need to learn how to access new markets.

- And already, businesses in the six pilot regions, including the Central Okanagan and Vancouver Island, are reaping the benefits of exporting.
- The program has been really successful so we're extending it for another six months and are actively looking at how to build on this pilot to support and develop exporters for the long term.
- Government has your best interests at heart.
- We want you to succeed, because your success provides good jobs to people, helps build vibrant neighbourhoods to live in and helps makes this Province an incredible place to live and work.
- And as the manufacturing sector continues to expand, our government will continue to invest in people, to ensure you have the trained workers you need for today and tomorrow.
- Thank you for all you do, to make B.C.'s manufacturing sector so successful.
- I hope to see many of you during manufacturing Week - October 16 to the 20<sup>th</sup>.
- Thank you, and happy Manufacturing Month!

## Manufacturing Week 2017 Statement

- Manufacturers play a significant role in our everyday lives as a vital part of the BC economy.
- Manufacturing supports approximately 170-thousand jobs.
- Jobs that pay 15.5% more than the average wage for all industries.
- Over 72-hundred BC manufacturing companies produce a very diverse range of products across resource as well as non-resource industries.
- BC's traditional resource based manufacturing sector – wood products, pulp and paper, primary metal products, food and beverages – continue to generate a significant part of BC's manufacturing sector GDP.
- We are currently engaged with the federal government in key areas to drive economic growth, jobs and shared prosperity such as the use of advanced manufacturing and increased use of technology by small and medium sized businesses to accelerate growth.

- An exciting recent development in BC that points to a manufacturing sector that is innovating and advancing...
  - ...UBC's recently announced Materials and Manufacturing Research Institute is driving industry awareness of potential bio-composites and biomaterials
- 
- We are working with UBC and other post-secondary institutions to showcase and support the adoption of 3D printing technologies in BC.
  - To this end, we will participate in the 3D printing challenge as part of a national leading edge technology challenge
  - ...we are supporting the increase in adoption of technology by small and medium-sized enterprises to power their growth and potential to export to the world.
  - For the fourth year in a row, government is supporting manufacturing by proclaiming October 16 to 20 as Manufacturing Week in BC.

- By proclaiming Manufacturing Week, we demonstrate a commitment to work with manufacturing companies to support their growth and to ensure they have the trained workers they need for the jobs they create.
- Manufacturers account for nearly two-thirds of BC's total goods exported to international destinations. We want to work with businesses so they can capitalize on new and existing export opportunities.
- Manufacturing today is not the manufacturing of generations past which is why we are encouraging participation in Manufacturing Week events and tours.
- So, I invite members to visit the manufacturing companies in their ridings to engage with company owners and workers in this vibrant sector.

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# **BC Tech Fund – Investment in Scale Up Ventures**

## **KEY MESSAGES**

### **Ministry of Jobs, Trade and Technology**

Confidential

Sept. 8, 2017

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#### **Background:**

- Kensington Capital Partners have made a \$5 million investment through the BC Tech Fund to Scale Up Ventures (SUV), which is subsequently opening an office in Vancouver that will be staffed by long-time BC-based serial investor, Derek Spratt.
- The Vancouver Partner, Derek Spratt has founded and sold a number of IT companies, the first of which was founded in 1993

- Scale Up Ventures (SUV) is a VC firm that seeks out early stage and A-round investment opportunities in high growth technology companies.
- Specific focal areas are B2B, mobile, Internet of Things, Software as a Service and fintech.
- SUV offers a unique value proposition to the companies it invests in thanks to its Leadership Council which includes key Canadian corporate CEOs from ScotiaBank, TD Bank, Royal Bank, Rogers Communications, Bell, Telus and Joe Fresh. Companies in the SUV portfolio can access the council for advice, direction, networking and mentorship.
- The specific fund that the BC Tech Fund has made an investment commitment to includes other key investors from across Canada (Ontario Teachers' Pension Plan, Business Development Bank of Canada, RBC, TD, Scotia Bank, Ryerson University, Rogers, Telus and Magna Weston) as well as significant investment commitments from BC-based high net-worth investors
- The fund has raised more than \$100 million.

Communications Contacts: Oriane Fort/ Tasha Schollen  
Program Contacts: Nathan Nankivell /



# 'Did I miss something?': Some Vancouver councillors don't share mayor's Amazon enthusiasm



DAN FUMANO

More from Dan Fumano ([HTTP://VANCOUVERSUN.COM/AUTHOR/DANFUMANO](http://VANCOUVERSUN.COM/AUTHOR/DANFUMANO))

Published on: September 19, 2017 | Last Updated: September 19, 2017 6:17 PM PDT

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# Ridesharing

## Answer 1:

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# Answer 2:

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## **Background:**

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- Government's election platform committed to ensuring customers get timely, safe, quality service by connecting the benefits of ride-sharing services to build on the existing taxi system.
- The new government recognizes the need to "level up" standards across the province to ensure there are low-cost, predictable fares, accessible services, safe cars and drivers subject to appropriate criminal record checks.
- The new government intends to consult with the industry moving forward and by way of a mandate letter, Premier Horgan has asked Minister Trevena to begin working with the new Minister of Public Safety and Solicitor General to create a fair approach to ride sharing.
- The previous government had engaged in some stakeholder consultations around what was needed in terms of a regulatory and economic environment to fairly bring ride-sharing into B.C.
- This process led to a report: Ride Sourcing in BC: A Stakeholder Engagement Summary released September 22, 2016.
- This report was used to guide the previous administration in developing its proposed economic and regulatory framework for ride sharing in B.C.
- The previous government announced its plans for ride sharing on March 7, 2017 and committed to bringing its model into place by December 2017. In response to this announcement, the Vancouver Taxi Association issued an open letter to the previous government on March 9th, criticizing the plan by saying the proposed insurance model was unfair and that not restricting the number of taxi licenses issued would create destructive competition in the taxi industry.
- In its letter, the VTA expressed a desire to work with the NDP government to come up with a model that meets the interests of taxi users while protecting the existing industry.
- In 2012, Uber entered the B.C. market with an app-based black car service, but was forced to suspend service following an order from the Registrar of Passenger Transportation.

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## Viking Air

**Issue:** Viking Air is laying off 136 workers in North Saanich for 90 days at the same time it is ramping up production in Calgary

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**ADVICE TO MINISTER**

<p><b>CONFIDENTIAL</b> <b>GCPE-FIN ISSUE NOTE</b> Ministry of Finance RECORD OPR: GCPE Finance Date: Sept. 28, 2017 Updated: Minister Responsible: Carole James</p>	<p><b>Advantage BC Report on IBA Program</b></p>
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**RECOMMENDED RESPONSE:**

s.13

## **BACKGROUND:**

### **MMK Report:**

In a [Financial Post article](#) published Sept. 20, 2017, Colin Hansen was quoted saying he had commissioned a report looking at the costs and benefits of the IBA Program. The report will be released Sept. 29, 2017. According to the report, Advantage BC engaged MMK Consulting in July 2017 to provide an overall assessment of the program. The report says this work was already underway when the B.C. government announced in Budget Update 2017 that the program would be cancelled.

### **Main findings:**

- \$400-\$800 million in incremental economic activity resulted from IBA Program
- Positive net revenue for the Province (\$32-\$84 million)
- Not all of the IBA-eligible economic activities can be considered incremental in nature (i.e. – existing as a direct result of the program).

### **Conclusion:**

- The IBA Program is helped grow B.C.'s international financial and business sectors, has aided in the diversification of B.C.'s economy, and helped build B.C.'s reputation as a place for international business.

### **Media coverage:**

A New York Times reporter published a story May 2, 2017, entitled "[British Columbia's Business Temptation: An Opaque Array of Tax Breaks](#)". The story is critical of B.C.'s International Business Activity (IBA) program, claiming the program offers lucrative tax breaks for international companies while creating little benefit for British Columbians.

The article points to a government report about the program that indicates an objective for the program is to create 13,000 FTE positions. However, the ministry's latest analysis estimates up to 300 "person-years" of employment were created on average between 2005 and 2008. Government has completed little analysis about the economic impact of the program in recent years.

The reporter also claimed confidentiality provisions in the IBA Act prevent the public from evaluating the program's success, and allow international companies to receive tax benefits without any public scrutiny or appropriate oversight.

The reporter asserts the public has a right to know which companies are benefiting from the program and how much they are receiving in refunds. He cites "experts" who claim this is unusual, and makes it difficult for the public to know whether the program is simply creating a tax haven in B.C. and helping global companies avoid paying taxes, rather than providing real benefits to the province. The article links to a similar program in Montreal and claims it discloses more details about its participants.

## ADVICE TO MINISTER

### Background on program:

The IBA program was created in 1988 to encourage development of an international financial center in Vancouver, and to attract new international businesses to the province. The IBA program provides eligible corporations and designated foreign banks authorized to carry on business in Canada, as well as specialists employed by these entities, a refund of the B.C. income tax paid on income related to the corporation's international business carried on in BC.

To be eligible for a refund under the program, the corporation, foreign bank, or specialist must be registered under the program. The Income Taxation Branch, Revenue Division, registers refund claimants and processes refund claims under the program.

Qualifying activities include lending, treasury functions, factoring trade account receivables, distributing film and television rights, leasing property, certain insurance and foreign exchange activities, back-up office, administrative support services, and commercialization of life science and green-related patents.

The Ministry of Finance's most recent analysis showed three activities have accounted for the overwhelming majority of qualifying activity between 2004 and 2009:

- Securities – 30%
- Factoring – 39%
- Foreign exchange – 25%
- Other – 6%

### Refunds paid out by fiscal year (actual, rounded):

Fiscal year	s.12,s.17	Corporate income tax refund
2008/2009		\$20,200,000
2009/2010		\$19,500,000
2010/2011		\$22,700,000
2011/2012		\$20,000,000
2012/2013		\$17,000,000
2013/2014		\$22,000,000
2014/2015		\$21,000,000
2015/2016		\$21,000,000
<b>Total:</b>		<b>\$163,400,000</b>

\*Personal income tax refund amounts are not reported separately in the public accounts.

Communications Contact: Sonja Zoeller 387-1248  
 Program Area Contact: Paul Flanagan 387-9014  
 File Created:  
 File Updated: September 28, 2017  
 File Location: J:\NEW - OPERATIONS\Issues notes\Tax policy

Program Area	Comm. Director	Deputy	Minister's Office
	DC		

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## Catalyst Paper

**Issue:** On August 30, 2017, the US Dept of Commerce initiated anti-dumping and countervailing duty investigations of imports of uncoated groundwood paper from Canada. Catalyst Paper is targeted in the petition that led to the investigation. Preliminary determinations by the U.S. International Trade Commission are expected by September 25, 2017.

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# Party Allowance

## Background:

- The legislation to ban big money includes a transitional \$2.50/vote allowance beginning in 2018, reducing to \$1.75/vote in 2022.
- The allowance expires in 2022 unless extended by an all-party committee of the legislature.

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**ADVICE TO MINISTER**

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**  
**Date:** Oct. 31, 2017  
**Minister Responsible:** Hon. Bruce Ralston

**BC Business Network**

**SUGGESTED RESPONSES:**

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## ADVICE TO MINISTER

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Forests, Lands and Natural  
Resource Operations**  
Updated: November, 2 2017  
Minister Responsible: Hon. Doug Donaldson

# **Jumbo Glacier Resort Supreme Court Ruling**

### **ADVICE AND RECOMMENDED RESPONSE:**

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#### **Key Facts Regarding the Issue:**

On Nov. 2, 2017, the Supreme Court of Canada unanimously dismissed the Ktunaxa appeal of the Province's approval of the master development agreement for Jumbo Glacier Resort.

On May 2, 2014, the Ktunaxa filed an appeal asking the Court of Appeal to set aside the April 2, 2014 B.C. Supreme Court decision which upheld the March 20, 2012 approval of the Master Development Agreement for Jumbo Glacier Resort.

On May 29, 2014, the B.C. BC Court of Appeal sat to hear the above appeal by the Ktunaxa regarding the Master Development Agreement. The hearing ended May 29<sup>th</sup> with the judgement being reserved.

On Oct. 1, 2015, the Province was served with a Notice of Application for Leave to Appeal and Memorandum of Argument from the Supreme Court of Canada, seeking leave to appeal from the Aug. 6, 2015, unanimous reasons of the BC Court of Appeal, in which the appeal of the Ktunaxa was dismissed.

On March 17, 2016, the Supreme Court of Canada indicated it would hear the Ktunaxa's appeal. The hearing date was set for Dec. 1, 2016 and oral submissions were presented.

#### **Background:**

On June 18, 2015, the Minister of Environment determined that the Jumbo Glacier Resort project had not been substantially started and as a result, the Environmental Assessment Certificate (EAC) expired on Oct. 12, 2014. With the expiration of the EAC, the Master Development Agreement holder, Jumbo Glacier Resorts is unable to develop the project's current Master Plan unless it undergoes a new environmental assessment review process and achieves a new EAC. The Master Development Agreement remains in effect, however, and allows Glacier Resorts to submit a revised Master Plan.

In July 2015, Jumbo Glacier Resorts notified the Province of its intention to submit a modified resort Master Plan. The Province has not formally accepted a Revised Master Plan at this time and has instructed Jumbo Glacier Resorts on what the legal, contractual and policy requirements of a revised Master Plan are. They were also instructed a Revised Master Plan will require First Nations Consultation and agency and stakeholder review.

On Nov. 30, 2012, the Ktunaxa Nation Council filed a petition for judicial review with the B.C. Supreme Page 177 of 206

Court seeking to have the Court set aside the Jumbo Glacier Resort Master Development Agreement approved by the Minister of Forests, Lands and Natural Resource Operations, the named respondent. Rallies were held in both Vancouver and Cranbrook the same day.

The petition was subsequently amended on Feb. 22, 2013 and Glacier Resorts Ltd. was added as a respondent via a consent order entered on September 13, 2013. The province filed its response in August 2013. A 10-day hearing was held in B.C. Supreme Court in January 2014. On April 2, 2014, the B.C. Supreme Court dismissed the Ktunaxa's petition for a judicial review of the Minister's decision.

On Nov. 20, 2012 the Minister of Community, Sport and Cultural Development approved the incorporation of Jumbo as a mountain resort municipality. The Minister of Community, Sport and Cultural Development also appointed a municipal council for a term ending Nov. 30, 2014. An interim corporate officer was also named and served until the first council meeting of the new municipality. A separate petition for judicial review was filed on February 13, 2013, by the West Kootenay Community Ecosociety seeking to quash the Letters Patent issued November 19, 2012 incorporating the municipality. The council's term has been extended to December 3, 2018.

On March 20, 2012 the Minister of Forests, Lands and Natural Resource Operations approved the Jumbo Glacier Resort Master Development Agreement, allowing the resort to proceed. The decision included approval to build a 6,250-bed-unit ski resort in the headwaters of the Jumbo Creek valley, in the Purcell Mountains, 57 km west of Invermere. The resort was to be built on the site of an old sawmill and at the former Mineral King mine, which operated there until 1991. At full build-out, private capital investment was projected to total \$900 million. The project was estimated to provide 3,750 person years of construction employment, and 750-800 permanent direct jobs.

Consultation was completed by the Province with both the Ktunaxa Nation Council and the Shuswap Indian Band. The Shuswap were supportive of the project and have subsequently entered into a benefits agreement with the resort developer. Following consultation, which focused largely on potential impacts to grizzly bears and other wildlife, the Ktunaxa declared that they were adamantly opposed to the resort proposal, and have said that the approval of Jumbo would be a "declaration of war."

From 2009 forward, the Ktunaxa Nation Council claimed that the Jumbo Valley area is the physical centre of its spiritual relationship with the grizzly bear and as a result that there was no "middle ground" with respect to their acceptance of the Jumbo Glacier Resort. On Nov. 15, 2010, members of the Ktunaxa Nation travelled to the provincial legislature and presented a declaration claiming the entirety of the Toby-Jumbo watershed as part of Qat'muk [GOT MOOK], unilaterally establishing refuge and buffer areas and invited other governments and stakeholders to participate in developing a management plan for Qat'muk [see Qat'muk IN].

In October 2010, the Ktunaxa Nation Council signed a Strategic Engagement Agreement with the Province (renewed in updated form in 2013). The Ktunaxa/Kinbasket Treaty Council has received a Treaty Land and Cash Offer. In January 2013, the Ktunaxa Nation Council negotiated a comprehensive economic and community development agreement which provides for revenue sharing from, among other projects, the Elk Valley Coal Field mineral tax revenues. At the time of the Master Development Agreement approval, the Minister of Forests, Lands and Natural Resource Operations committed to the establishment of a wildlife management area to address potential residual impacts to grizzly bears over an area of approximately 56,000 hectares adjacent to the resort. In addition, the Province offered a number of accommodation measures intended to reduce potential impacts to Ktunaxa's Aboriginal rights.

Ministry of Environment indicated potential impacts to grizzly bears had been addressed through the conditions of the *Environmental Assessment Act* certificate and measures incorporated in the Resort Master Plan and Master Development Agreement.

Communications Contact:

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## ADVICE TO MINISTER

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**

**Date Updated:** Sept. 14, 2017

**Minister Responsible:** Hon. Bruce Ralston

# Women in STEM

## SUGGESTED RESPONSES:

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## ADVICE TO MINISTER

s.13

### BACKGROUND:

On Sept. 12, 2017, Global News published the TD report "Women and STEM: Bridging the Divide" that found qualified women working in sciences, technology, engineering and mathematics (STEM) fields are disproportionately placed in non-professional jobs. Media and the opposition may ask if the Province is taking steps to address this issue.

The report was published online at:

<https://economics.td.com/domains/economics.td.com/documents/reports/bc/wistem/Women-and-STEM.pdf>

Female students are under-represented in technology-related areas of study such as sciences, technology, engineering and mathematics (STEM). In the 2015-16 academic year, 53% of students in the B.C. public post-secondary institutions were female. The B.C. public postsecondary system awarded almost 10,200 STEM program credentials in 2015-16; 37% of these credentials were awarded to women, while 59% of non-STEM program credentials were awarded to women in 2015-16.

**Government is also investing approximately \$400 million over the next two years in tech and life science post-secondary capital projects, including \$133 million from the Province:**

- **Camosun College: \$48.5 million for a new health sciences building at the Interurban campus, including \$31 million from the Province.**
- **NVIT: \$8.9 million for a new Centre of Excellence in Sustainability in Merritt, including \$2 million from the Province.**
- **UBC Vancouver: \$80 million for new undergraduate life sciences laboratories, including \$11.8 million from the Province.**
- **UBC Okanagan: \$40.65 million for a new teaching and learning centre in addition to a number of infrastructure upgrades, including \$11.34 from the Province.**
- **RRU: \$21.5 million for a new Centre for Environmental Science and International Partnership, including \$5.7 million from the Province.**
- **SFU: \$126 million for a new energy systems engineering building in Surrey, including \$45 million from the Province.**
- **TRU: \$30 million for a new Industrial Training and Technology Centre in Kamloops, including \$7.03 million from the Province.**
- **UNBC: \$4.5 million for a new Wood Innovation Research Lab, including \$2.62 million from the Province.**
- **VIU: \$39.9 million for a new health and science centre in Nanaimo, including \$16.5 million from the Province.**

Communications Contacts: Oriane Fort (PAO) / Tasha Schollen (CD)  
Program Area Contacts: Kevin Butterworth (ED) / CJ Ritchie (ADM)

## ADVICE TO MINISTER

### CONFIDENTIAL ISSUES NOTE

Ministry of Forests, Lands, Natural Resource  
Operations and Rural Development  
Minister Responsible: Hon. Doug Donaldson  
Date: Nov. 8, 2017

## Western Forest Products – Englewood train

### ADVICE AND RECOMMENDED RESPONSE:

s.13

### KEY FACTS REGARDING THE ISSUE:

On Nov. 7, 2017, Western Forest Products announced that it would not be restarting its Englewood logging train on northern Vancouver Island near Woss. The train has not been operational since a fatality in April. Instead of transporting logs by train, the company will move logs by truck instead, which it says is more efficient.

The company's decision affects 35 people, but it estimates that less than 15 will lose their jobs altogether. People who worked on the train live in the northern Vancouver Island communities of Port Hardy, Port McNeill and Woss. Western Forest Products has extensive woodlands on Northern Vancouver Island employing 600 people. Harvested logs are shipped to the company's mills on mid and southern Vancouver Island and also exported.

Communications Contact:	Vivian Thomas	250 356-2475
Program Area Contact:		

programs\2017\Forests\Economic & Mills

## ADVICE TO MINISTER

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**  
**Date:** Nov. 15, 2017  
**Minister Responsible:** Hon. Bruce Ralston

# LNG-Buy BC Tool Retirement

### SUGGESTED RESPONSES:

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## **APPENDIX- Email notifications to LNG-Buy BC Tool members.**

### **Important changes to the LNG-Buy BC Online Tool**

You are receiving this email because you are a registered member of the LNG-Buy BC Online Tool.

We are notifying you that the LNG-Buy BC tool will be retired on November 28, 2017.

#### **Why is the LNG-Buy BC tool being retired?**

The LNG-Buy BC Online Tool was launched in November 2014 to help B.C. companies take advantage of procurement opportunities that would stem from the various LNG projects proposed at the time.

The LNG-Buy BC Tool has been experiencing low activity and we have learned through consultations with industry that there are more effective ways for B.C. businesses to pursue LNG opportunities. For example, we have heard from industry that proponents prefer B.C. businesses to register directly with their websites to complete proponent supplier pre-qualification requirements. Various LNG proponents also plan to post opportunities on their websites once projects are underway.

Due to the tool's low activity, its high operating costs, and the availability of better options for B.C. businesses, the LNG-Buy BC Tool will therefore be retired at the end of November.

#### **What's next?**

LNG proponents and their primary contractors require suppliers to be pre-qualified to be considered for contracting and procurement opportunities. We encourage you to visit the LNG in BC website to find links to various proponent sites where you can register your company and begin pre-qualification.

If your company is based in northern British Columbia, Supply Chain Connector managed by Northern Development Initiative Trust is an alternative business directory to consider. Registration is free.

If you have any questions or concerns please contact us at International@gov.bc.ca

Sincerely,  
The LNG-Buy BC Team  
Ministry of Jobs, Trade and Technology

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## ADVICE TO MINISTER

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**

**Date:** Dec. 20, 2017

**Minister Responsible:** Hon. Bruce Ralston

# Call for cancelling National Shipbuilding Strategy

### **SUGGESTED RESPONSES:**

s.13

### **BACKGROUND:**

On Dec. 14, 2017, a print media outlet reported the findings of a study published by the University of B.C. that says the National Shipbuilding Strategy (NSS) is years behind schedule and billions of dollars over budget due to absence of true cost competition and incentives to control costs, among other ills. The UBC report suggests the federal government should open up the National Shipbuilding Strategy (NSS) agreements with

B.C.'s Seaspan Shipyards (non-combat vessels) and Nova Scotia's Irving Shipyard (combat vessels). The report recommends the federal government:

- Cancel the Canadian Surface Combatant design work underway by Irving Shipyard and initiate a fixed-cost, off-the-shelf design competition.
- Cancel the Joint Support Ship design work underway by Seaspan Shipyards and initiate a competition to convert a second container ship into a supply ship (similar to the conversion of the MV Asterix by Quebec's Davie Shipbuilding).
- Shelve the plan to build a large polar icebreaker at Seaspan Shipyard and initiate a fixed-price competition for more, smaller-sized icebreakers (the report notes Davie Shipbuilding is well positioned to compete with Seaspan for such a contract).

The report suggests the federal government consider fixed-cost contracts for the Canadian Surface Combatant vessels, such as the one proposed by an Italian-French shipbuilding consortium to build 15 new frigates at Irving Shipyard, which the consortium has said would save the government \$30 billion.

There have been similar articles in the media over the past several months about delays and cost overruns at Seaspan Shipyards. MPs from Quebec have been lobbying the federal government in an attempt to get some of the non-combat work package from Seaspan and other federal ship refit and repair work for Davie Shipbuilding. Seaspan made a presentation to a House Standing Committee in Ottawa updating them on their progress.

Irving Shipyard and Davie Shipbuilding have expressed concern to the media that they will have to lay off workers in the near future. MPs from Quebec and Atlantic Canada have been lobbying the federal government to respond. At the same time, Seaspan and the media have identified a gap in the non-combat shipbuilding schedule that puts Seaspan workers at risk of being laid off. Other West Coast shipyards are concerned that Seaspan may bid on repair and other smaller packages that Seaspan otherwise wouldn't have capacity for. Specifically, they feel that because Seaspan is a larger company and knows a big package of NSS work is coming in the near future, Seaspan will likely be able to under-bid smaller companies like Point Hope Maritime and Allied Shipyards.

Communications Contacts: Dave Paulson/ Brad Densmore/ Courtney Stewart/ Tasha Scholten  
Program Area Contacts: Ingrid Strauss/ Jeff Rafuse/ Angelo Cocco

## ADVICE TO MINISTER

<p><b>CONFIDENTIAL</b> <b>GCPE-MEMPR ISSUE NOTE</b></p> <p>Ministry of Energy, Mines and Petroleum Resources Date: November 2, 2017 Minister Responsible: Hon. Michelle Mungall</p>	<p><b>LNG – Anti-dumping duty</b></p>
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### ADVICE AND RECOMMENDED RESPONSE:

s.13

## ADVICE TO MINISTER

### KEY FACTS REGARDING THE ISSUE:

On October 31, 2017, The Globe and Mail reported an article outlining potential components used in the construction of LNG facilities will now have duty implications for LNG companies in B.C. Given the ruling made by the Canadian International Trade Tribunal (CITT), importers will be required to undertake an expensive and uncertain administrative appeal process to clarify the scope of subject goods with the Canadian Border Services Agency (CBSA).

Fluor Canada Ltd. (who is involved with numerous projects in BC, including Woodfibre LNG and Kitimat LNG) and LNG Canada Development Inc. submitted exclusion requests regarding importations of Complex Modules for LNG projects in coastal BC. CITT ruled that due to the timing of the proposed projects, the requests are highly speculative and overly general and therefore CITT had no firm indication of what they were being asked to exclude. CITT noted that should imports actually occur, there is a wide variety of mechanisms to address potential duties on imports at that time.

Anti-dumping duties are based on the amount by which the normal value exceeds the export price, and where sufficient information is not provided, the normal value is determined by advancing the export price by 45.8 percent. These duties would be applied for a period of five years.

### Timeline

On July 22, 2016, Canadian Border Services Agency (CBSA) received a written complaint from several metal and steel companies throughout Canada alleging that imports of certain Fabricated Industrial Steel Components (FISC) originating in or exported from China, Korea, Spain, the United Arab Emirates (UAE), and the United Kingdom (UK) are being dumped or subsidized. The complainants alleged that the dumping and subsidizing have caused injury and are threatening to cause injury to the Canadian industry producing like goods.

On September 12, 2016, CBSA initiated investigations into the dumping of FISC from the mentioned countries and the subsidizing of FISC from China. Upon receiving notice of the initiation of the investigations, Canadian International Trade Tribunal (CITT) commenced a preliminary injury inquiry.

On November 11, 2016, CITT made a preliminary determination that there is indication that the dumping and subsidizing of FISC have caused injury or are threatening to cause injury to the domestic industry.

On January 25, 2017, CBSA determined that the volume of imported goods from the UAE and the UK was negligible and they were dropped from the investigation.

On April 25, 2017, CBSA determined that FISC originating in or exported from China, Korea, and Spain have been dumped, and that FISC originating in or exported from China have been subsidized and that the amounts were not insignificant.

CITT received requests from six parties to exclude products from a potential finding of injury or threat. Two companies – Andritz Hydro Canada Inc and Cintasa, S.A. – were granted exclusion as the companies' exports were found to have not harmed the domestic industry.

## ADVICE TO MINISTER

Communications Contact: Jennifer Lucas, 778 968-3208  
Darren Beaupre, 250 356-5892  
Program Area Contact: Suzanne Manahan,  
File Created: October 31, 2017  
File Updated: November 2, 2017



## ADVICE TO MINISTER

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**

**Date:** Dec. 21, 2017

**Minister Responsible:** Hon. Bruce Ralston

# LNG Canada and fabricated steel tariffs

### SUGGESTED RESPONSES:

s.13

### BACKGROUND:

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The Canadian International Trade Tribunal confirmed, on May 25, 2017, that the Canadian steel-producing industry had been injured by imports of fabricated industrial steel components from China, South Korea and Spain.

The final determination was issued on April 26, 2017 with dumping rates ranging from 0% to 45.8%, depending on the producer. Fabricated industrial steel components from China are subject to countervailing duties ranging from \$29.53 to \$2,269 per metric tonne.

On September 12, 2016, the Canada Border Services Agency (CBSA) responded to complaints made by Quebec and Alberta producers of fabricated industrial steel components regarding alleged dumping (selling below market price) of imports from China, South Korea, Spain, the United Kingdom, and the United Arab Emirates. The investigation ultimately found that producers from three countries, China, South Korea and Spain, were dumping the products into the Canadian market. The CBSA also found that China subsidized its producers.

LNG Canada argues that the decision to impose duties on these products limits the industry's ability to source "large complex modules" needed to build LNG facilities. ICBA also argues that the duties will influence LNG firms' decisions whether to proceed with their investments in B.C. The province did not take a role in the case.

There are no known producers of the products in question in British Columbia.

The ICBA has been involved in similar cases in the past where they said Canadian duties imposed on imported products would be harmful (rebar, drywall). In the case of drywall, B.C. registered as a participant in the case. In the case of rebar, the Province participated in the 2014 investigation and subsequent public interest inquiry in an effort to ensure that construction costs in British Columbia were considered.

In May 2017, the CITT found evidence that dumped rebar caused injury to the domestic market and confirmed the CBSA's anti-dumping duties will remain in place for five years until an automatic expiry review is conducted by the CBSA and CITT.

Communications Contacts: Dave Paulson/ Brad Densmore/ Tasha Schollen  
Program Area Contacts: Janna Jessee/ Janel Quiring/ Steve Anderson/ Jamie Hammond

## ADVICE TO MINISTER

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**

**Date:** Dec. 15, 2017

**Minister Responsible:** Hon. Bruce Ralston

**Istuary and BC PNP**

### **SUGGESTED RESPONSES:**

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## ADVICE TO MINISTER

### BACKGROUND:

In Oct. 2017, B.C.'s Employment Standards Branch ordered Istuary to pay \$2.9 million in unpaid wages to 122 workers and in December began collections activities to recover these wages. The Branch has also issued a decision finding that 34 additional corporate entities linked to Istuary will be treated as a single employer under the Employment Standards Act. Lastly, the Branch has issued a decision finding that Istuary's primary director, Ethan Sun, is liable for \$2.5M in wages under the Employment Standards Act.

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In Sept. 2017, media reported that international tech-company Istuary Innovation Group had closed its Vancouver office and faced allegations of fraud with four months of wages owed to former employees and contractors.

In Aug. 2017, former Istuary workers, contractors and investors launched civil and small claims legal action against owners Yian "Ethan" Sun and Yulan "Amy" Hu. Sun and Hu were accused of taking money intended for the company and using it to purchase multi-million dollar properties in Metro Vancouver and have reportedly fled to China.

Media coverage has also focused on pictures of Sun posing with former Prime Minister Stephen Harper, former B.C. Premier Christy Clark and Prime Minister Justin Trudeau.

Contacts: GCPE: Andrew Patrick (PAO) / Brad Densmore (CM) / Tasha Schollen (CD)  
Program: Deb Zehr (ED) / Rob Mingay (ADM)  
Information Access Operations: Vicki Hudson (M) / Kris Ghag (D)

**ADVICE TO MINISTER**

<p><b>CONFIDENTIAL ISSUES NOTE</b></p> <p><b>Ministry of Jobs, Trade and Technology</b> <b>Date:</b> Dec. 15, 2017 <b>Minister Responsible:</b> Bruce Ralston</p>	<p><b>Bardel Entertainment and Regional and Distant Tax Credits</b></p>
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**Suggested response:**

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## ADVICE TO MINISTER

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### BACKGROUND:

On Nov. 27, 2017, the leader of the third party questioned Min. Ralston in the House about changes to the regional and distant film and television tax credits that reportedly cost animation company Bardel Entertainment \$5 million. The Minister may receive follow-up questions in the legislature or through media requests.

Bardel, which is based in Vancouver, opened a state-of-the-art animation studio in downtown Kelowna in Oct. 2015. The company's operations in the Kelowna area had grown from four employees in 2013 to more than 50 at that time, and by May 2017 the office employed more than 80 workers.

The leader of the third party claimed that because of losses Bardel incurred as a result of changes to the tax credits, the company could not contribute \$1 million towards a digital media skills training and accreditation program in partnership with Okanagan College, UBC Okanagan, School District 23 and the Vancouver Film School, among others.

The regional and distant tax credits were originally intended to encourage film and television productions to locate outside of the Vancouver area, and were primarily designed with live-action films in mind. In June 2015, the B.C. government announced it would make amendments to the tax credits as part of Budget 2016. The amendments clarified that animated productions were only eligible for these

## ADVICE TO MINISTER

credits based on the portion of labour costs incurred in the regional or distant location areas.

Previously, animated productions were not considered in a clear manner, which led to an unintended result where animated productions were able to claim the credits on a significant amount of labour expenses incurred in Vancouver. Some companies were able to claim credits on all labour expenses, even when less than 10% occurred in a distant location, and more than 90% occurred in Vancouver.

As of Nov. 2017, Bardel Entertainment employed a total of 750 people and had worked on a number of high-profile productions for Warner Brothers, Disney, DreamWorks, Nickelodeon and the Cartoon Network.

Communications Contact: Andrew Patrick / Brad Densmore / Tasha Schollen (CD)

Program Area Contact: Christine Fast (D) / Kevin Butterworth (ED) / CJ Ritchie (ADM)



## Fraser Institute – oil and gas

### Highlights:

- The Fraser Institute released a report ranking BC as the least attractive Canadian jurisdiction for oil and gas investment.

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Page 204 to/à Page 205

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## **Background:**

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- The Fraser Institute has released its 11<sup>th</sup> annual survey of petroleum industry executives and managers on barriers to investment in oil and gas exploration and production facilities in various jurisdictions around the globe.
- A total of 333 respondents participated in the survey. 97 jurisdictions are rated on a Policy Perception Index.
- British Columbia's score dropped to 76<sup>th</sup> of 97 this year compared to 39<sup>th</sup> of 96 last year.
- According to the Fraser Institute report, British Columbia is now ranked as Canada's least attractive jurisdiction.

## Trade

1. <sup>s.13</sup>

2. Trade—Main Messages

3. Softwood Lumber

4. LNG—Anti-Dumping

5. Asian Trade Goals

6. NAFTA Renegotiation

7. NAFTA—B.C. Wine in Grocery Stores *NAFTA*

8. Chinese Celebration Book

9. Jobs Plan

10. Census Data—Immigration Percentage Decrease

11. Advantage BC Report on IBA Program

12. Party Allowance - *Campaign Finance*

13. TPP

14. Catalyst Paper

# Accomplishments

## Background:

- BC's NDP government was sworn in on July 18, 2017.
- This is a list of accomplishments achieved since that time.

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# Trade – Main Messages

## Highlights:

- Work the Minister of State for Trade has been undertaking to foster trade in BC.

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Page 10 to/à Page 11

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# Softwood Lumber

## Highlights:

- The ongoing softwood lumber dispute was heightened by tariffs imposed by the Trump administration that put forestry companies and jobs at risk.
- A decision was announced Nov. 1, 2017 by the US Department of Commerce imposing tariffs of approximately 20.83%.
- Canada has launched appeals of the duties through NAFTA Ch. 19 and WTO processes.

s.13

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## Background:

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- US announced finalized duties of 20.83% on Nov.1.
- The federal government rejected the last offer tabled by the US on Nov. 1.
- Premier Horgan and Prime Minister Trudeau discussed the disputes on Oct. 3.
- The US Department of Commerce (US DoC) was applying preliminary countervailing duties and anti-dumping duties totalling 26.75%, before the finalized duties were announced.<sup>s.13</sup>
- The ITC decision on injury is expected by Dec. 28, 2017, following a vote on Dec. 7 or 8. It will also determine if critical circumstances existed, in which case retroactive duties would be charged to companies going back 3 months.
- On Nov. 14, Canada filed under Chapter 19 of NAFTA for a binational panel to rule on the duties imposed by the US. The panel of five arbitrators agreed to by both countries would have the ability to decide if the duties meet US law.
- On Nov. 28, Canada wrote two letters to US trade diplomat Christopher Wilson asking for WTO consultations – one each regarding the anti-dumping and countervailing duties imposed by the US on Nov 1.
- The letters assert that the US made inconsistent calculations on lumber pricing, and therefore imposing the duties failed to comply with international trade law.

### Previous Government record on softwood:

- <sup>s.13,s.16</sup>
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**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology**  
**Date:** Oct. 4, 2017  
**Minister Responsible:** Hon. Bruce Ralston

**Softwood Lumber  
Dispute**

**SUGGESTED RESPONSES:**

s.13

## **BACKGROUND:**

On October 3, 2017, B.C. Premier John Horgan met with Prime Minister Justin Trudeau and premiers from other provinces and territories at the first ministers' meeting in Ottawa. At the meeting, Premier Horgan discussed the current softwood lumber disputes between the U.S. and Canada, as well as other issues including marijuana legalization and tax reforms. Media have quoted Premier Horgan that B.C. is prepared to go to court with the U.S. to protect the province's interests.

Earlier this year, the Premier had met with U.S. Secretary of Commerce Wilbur Ross in Washington about the current softwood disputes.

On November 25, 2016, the U.S. industry filed a petition with the U.S. Department of Commerce alleging that Canadian lumber exports are subsidized, that Canadian exporters were dumping lumber into the U.S. below cost, and that these actions injure the U.S. industry.

The U.S. Department of Commerce has identified four companies as mandatory respondents for the subsidy and dumping investigations, three of them are B.C.-based companies (Canfor, West Fraser, and Tolko).

On April 24, 2017, the U.S. Department of Commerce issued a preliminary determination of countervailing duty rates and on June 26, the U.S. Department of Commerce announced preliminary anti-dumping duties.

Company	Countervailing	Anti-dumping	Total
West Fraser	24.12%	6.76%	30.88%

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### ADVICE TO MINISTER

Canfor	20.26%	7.72%	27.98%
Tolko	19.50%	7.53%	27.03%
Resolute	12.82%	4.59%	17.41%
J.D. Irving	3.02%	6.87%	9.89%
All others	19.88%	6.87%	26.75%

On April 24, 2017, the U.S. Department of Commerce made a preliminary finding of "critical circumstances" (significant increase in Canadian lumber exports) for J.D. Irving and the "all others" group of companies, but not to Canfor, Resolute, Tolko and West Fraser. This means that Irving and all other companies will need to pay countervailing duties on their shipments made since Jan 28, 2017 and anti-dumping duties since April 1.

Since August 28, 2017, companies only pay the provisional anti-dumping duty, an average of 6.87% on shipments of lumber to the U.S.

The U.S. Department of Commerce has extended their final determination until no later than November 13, 2017. This allows additional time for Canada and the US to try and reach a negotiated settlement to the dispute.

The U.S. will finalize duty rates following the publication of the final determinations by both the U.S. Department of Commerce and the International Trade Commission.

Similar to the last lumber dispute, we expect Canada will file numerous appeals against the imposition of softwood lumber duties under the North American Free Trade Agreement (NAFTA), World Trade Organization (WTO), and the US Court of International Trade (CIT).

Cash deposits will be held in trust by the U.S. until all Canadian appeals of U.S. decisions are finalized.

Communications Contacts: Jessica Li/ Courtney Stewart/Tasha Schollen  
(FLNRO-GCPE contacts: Jeremy Uppenborn/Vivian Thomas)

## ADVICE TO MINISTER

<p style="text-align: center;"><b>CONFIDENTIAL</b> <b>GCPE-MEMPR ISSUE NOTE</b></p> <p><b>Ministry of Energy, Mines and Petroleum Resources</b> <b>Date: November 2, 2017</b> <b>Minister Responsible: Hon. Michelle Mungall</b></p>	<p style="text-align: center;"><b>LNG – Anti-dumping duty</b></p>
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### ADVICE AND RECOMMENDED RESPONSE:

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## ADVICE TO MINISTER

### KEY FACTS REGARDING THE ISSUE:

On October 31, 2017, The Globe and Mail reported an article outlining potential components used in the construction of LNG facilities will now have duty implications for LNG companies in B.C. Given the ruling made by the Canadian International Trade Tribunal (CITT), importers will be required to undertake an expensive and uncertain administrative appeal process to clarify the scope of subject goods with the Canadian Border Services Agency (CBSA).

Fluor Canada Ltd. (who is involved with numerous projects in BC, including Woodfibre LNG and Kitimat LNG) and LNG Canada Development Inc. submitted exclusion requests regarding importations of Complex Modules for LNG projects in coastal BC. CITT ruled that due to the timing of the proposed projects, the requests are highly speculative and overly general and therefore CITT had no firm indication of what they were being asked to exclude. CITT noted that should imports actually occur, there is a wide variety of mechanisms to address potential duties on imports at that time.

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### Timeline

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## ADVICE TO MINISTER

Communications Contact: Jennifer Lucas, 778 968-3208  
Darren Beaupre, 250 356-5892  
Program Area Contact: Suzanne Manahan,  
File Created: October 31, 2017  
File Updated: November 2, 2017

**Asian Trade Goals**  
**KEY MESSAGES**  
**Ministry of Jobs, Trade and Technology**  
Confidential  
Nov. 9, 2017

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# NAFTA

## Highlights:

- 5<sup>th</sup> round of negotiations wrapped in Mexico City on Nov. 21 – none of the major issues were resolved after this round.
- A Scotiabank report released Nov. 21 concluded that a deal was unlikely to be reached, citing updated US objectives targeting supply management, US wine displays in BC stores, and rules of origin for manufacturing.

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## Background:

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- The US has also tabled a proposal to remove Chapter 19, a dispute resolution mechanism, from NAFTA. Canada has successfully used Chapter 19 in the past, and most recently filled for a ruling under Chapter 19 on tariffs imposed in the softwood lumber dispute.
- Talks will resume for a 6<sup>th</sup> round in Montreal Jan. 23-28

**ADVICE TO MINISTER**

<p><b>CONFIDENTIAL ISSUES NOTE</b></p> <p><b>Ministry of Jobs, Trade and Technology</b></p> <p><b>Date:</b> Oct. 3, 2017</p> <p><b>Minister Responsible:</b> Hon. Bruce Ralston</p>	<p><b>NAFTA Renegotiations - B.C. Wine in Grocery Stores</b></p>
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**SUGGESTED RESPONSES:**

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## BACKGROUND:

On Sept. 28, 2017, the US permanent mission to the World Trade Organization requested consultation about some B.C. measures (law, regulations) governing the sale of wine in grocery stores and the request has attracted media attention.

Several media outlets have reported on the U.S. administration's concern over the sale of B.C.-only wine in B.C. grocery stores, and it may include this item in the NAFTA renegotiation with the Government of Canada.

The U.S. launched a trade enforcement action against Canada through the World Trade Organization (WTO) dispute settlement process in January 2017. New Zealand, Australia, Argentina and the European Union joined the dispute as third parties. The U.S. administration claims that the sale of B.C.-only wine in grocery stores gives B.C. producers a market advantage and has an adverse effect on U.S. wine producers. The first stage in this process is consultations, and the U.S. had a consultation meeting with Canada on April 21, 2017.

The U.S. Trade Representative has indicated that the administration may go to a dispute settlement panel in Geneva or seek resolution of their concerns in the NAFTA renegotiations with the Government of Canada, as it believes that WTO's preliminary consultations failed to address its concerns.

In August 2017, Canada's International Trade Minister Francois-Philippe Champagne told media that the federal government will protect Canadian interests, including B.C.'s wine industry, during NAFTA renegotiations with the U.S.

Concerns have been voiced in the media that the Province might be unable to protect B.C. wineries' interests against international pressures.

Attorney General David Eby, formerly the critic for liquor policy, predicted that in the future, other imported wines will be sold at B.C. grocery stores.

*"We know what the trade obligations are going to result in, which is the opening of the grocery-store shelves," he told the House last year. "That will be, initially, all B.C. products. Then it will be all products. So if it's all wine products, then it will be international wine products as well, because it is very difficult to justify, under trade obligations, anything else."*  
(Times Colonist: Grocery wine becomes NDP's problem, Aug. 10, 2017)

The 1987 Canada-U.S. Free Trade Agreement had some measures to protect the Canadian wine industry, in exchange for opening up the Canadian market to more U.S. wines. These protections allow those stores that were currently selling only B.C. wine to continue to do so, and these protections were integrated into NAFTA in 1994.

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In addition, the Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) allows up to 60 B.C.-only wine stores in the Province, of which 49 are now in operation.

Communications Contact: Jessica Li & Tasha Schollen (JTT)  
Program Contact: Janna Jesse  
Last updated: Sept. 29, 2017



**CONFIDENTIAL  
ISSUES NOTE**

**Chinese  
Celebration Book**

**Ministry Tourism, Arts and Culture**

**Updated: Aug. 25, 2017**

**Minister Responsible: Hon. Lisa Beare**

**ADVICE AND RECOMMENDED RESPONSE:**

s.13

**KEY FACTS REGARDING THE ISSUE:**

On May 15, 2014, a formal apology to Chinese Canadians was made on behalf of the entire British Columbia legislative assembly for historical wrongs imposed on them by past provincial governments.

The Government of B.C. committed to creating a legacy to paint a rich picture of the contributions Chinese Canadians have made to the development and prosperity of B.C. since the mid-19th century.

The Book project is a result of feedback from the Chinese community during the province wide consultation. All of the profiles of the various high-profile members of B.C.'s Chinese community have been completed. Additional content in the form of new profile for a Chinese Canadian community leader who recently passed away is being developed.

Once finalized, the final stage of the book involves requesting a ministerial order issued by the Minister responsible for FOI authorizing the Province to publish a digital version of the book online, and therefore, internationally.

Communications:	Shannon Jones	250 356-0979	
Program:	Lynne Tang / Dean Sekyer		
<b>Approvals (Initials only)</b>			
MO	Program	ADM	CD
	LT, DS		

## Jobs Plan

**Issue:** The opposition may push for details on the government's jobs plan and/or pose general questions about job creation and job losses.

s.13

Advice to Minister  
**Jobs Plan**

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**ADVICE TO MINISTER**

**CONFIDENTIAL  
ISSUES NOTE**

**Ministry of Jobs, Trade and Technology  
Date: Oct. 26, 2017  
Minister Responsible: Bruce Ralston**

**Census Data -  
Immigration Percentage  
Decrease**

**Suggested response:**

s.13

## ADVICE TO MINISTER

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### **BACKGROUND:**

On Oct. 25, the Globe and Mail reported on Statistics Canada's census data release on immigration. The data indicated the percentage of new immigrants coming to B.C. decreased for the fourth consecutive census, which Stats Canada attributed, in part, to economic factors in where recent arrivals end up.

It noted the percentage of recent immigrants settling in B.C. dipped considerably since 2001. In comparison, immigrants settling in the Prairies more than doubled over that same time frame.

One commenter in the Globe and Mail attributed B.C.'s decline to the lack of a comprehensive immigration strategy that maps out how to attract and retain immigrants.

B.C.'s share of recently settled immigrants was 20.8 per cent in 2001, second behind Ontario's 55.9 per cent. B.C.'s share dropped to 14.5 per cent by 2016, trailing Ontario at 39 per cent.

Media reported that B.C.'s high cost of living - including the price of housing - could have played a role in its decrease in immigration share, noting the province's housing and job markets are a challenge for immigrants who arrive without much savings.

Statistics Canada noted other factors that could explain the changes in geographic distribution, including introducing the provincial nominee program.

**ADVICE TO MINISTER**

<p><b>CONFIDENTIAL</b> <b>GCPE-FIN ISSUE NOTE</b> Ministry of Finance RECORD OPR: GCPE Finance Date: Sept. 28, 2017 Updated: Minister Responsible: Carole James</p>	<p><b>Advantage BC Report on IBA Program</b></p>
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**RECOMMENDED RESPONSE:**

s.13

## **BACKGROUND:**

### **MMK Report:**

In a Financial Post article published Sept. 20, 2017, Colin Hansen was quoted saying he had commissioned a report looking at the costs and benefits of the IBA Program. The report will be released Sept. 29, 2017. According to the report, Advantage BC engaged MMK Consulting in July 2017 to provide an overall assessment of the program. The report says this work was already underway when the B.C. government announced in Budget Update 2017 that the program would be cancelled.

### **Main findings:**

- \$400-\$800 million in incremental economic activity resulted from IBA Program
- Positive net revenue for the Province (\$32-\$84 million)
- Not all of the IBA-eligible economic activities can be considered incremental in nature (i.e. – existing as a direct result of the program).

### **Conclusion:**

- The IBA Program is helped grow B.C.'s international financial and business sectors, has aided in the diversification of B.C.'s economy, and helped build B.C.'s reputation as a place for international business.

### **Media coverage:**

A New York Times reporter published a story May 2, 2017, entitled "British Columbia's Business Temptation: An Opaque Array of Tax Breaks". The story is critical of B.C.'s International Business Activity (IBA) program, claiming the program offers lucrative tax breaks for international companies while creating little benefit for British Columbians.

The article points to a government report about the program that indicates an objective for the program is to create 13,000 FTE positions. However, the ministry's latest analysis estimates up to 300 "person-years" of employment were created on average between 2005 and 2008. Government has completed little analysis about the economic impact of the program in recent years.

The reporter also claimed confidentiality provisions in the IBA Act prevent the public from evaluating the program's success, and allow international companies to receive tax benefits without any public scrutiny or appropriate oversight.

The reporter asserts the public has a right to know which companies are benefiting from the program and how much they are receiving in refunds. He cites "experts" who claim this is unusual, and makes it difficult for the public to know whether the program is simply creating a tax haven in B.C. and helping global companies avoid paying taxes, rather than providing real benefits to the province. The article links to a similar program in Montreal and claims it discloses more details about its participants.



# Party Allowance

## Background:

- The legislation to ban big money includes a transitional \$2.50/vote allowance beginning in 2018, reducing to \$1.75/vote in 2022.
- The allowance expires in 2022 unless extended by an all-party committee of the legislature.

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## ADVICE TO MINISTER

<p><b>CONFIDENTIAL ISSUES NOTE</b></p> <p><b>Ministry of Jobs, Trade and Technology</b> <b>Date:</b> November 14, 2017 <b>Minister Responsible:</b> Hon. Bruce Ralston</p>	<p><b>Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).</b></p>
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### **SUGGESTED RESPONSES:**

s.13

## **Background:**

On November 10<sup>th</sup>, 2017, the federal government notified staff at the Ministry of Jobs, Trade and Technology that agreement on the core elements of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) had been reached by the eleven remaining Trans-Pacific Partnership Agreement countries. TPP 11 countries will continue working on the four remaining issues on which substantial progress was made but that consensus must be achieved prior to the CPTPP is signed.

Full details of the Agreement are not yet known but information coming from the federal government indicates a positive outcome.

This news is a way forward on the TPP following the US' withdrawal earlier this year.

The TPP-11 ministerial statement, list of suspended provisions, and list of items to be finalized are expected to be released later today BC time (Saturday in Vietnam, where the TPP-11 Ministers currently are).

TPP-11 countries have met several times this year working to reach a new Agreement by the end of the year.

On Sept. 30, 2017, the Government of Canada officially launched public consultations seeking feedback on a potential TPP11. The consultations (email and mail submissions) ended on Oct. 30, 2017.

## ADVICE TO MINISTER

### TPP background

The original TPP was made up of 12-member countries: Canada, the U.S. (until January 23, 2017), Japan, Mexico, Australia, New Zealand, Singapore, Brunei, Vietnam, Malaysia, Chile and Peru.

The TPP was considered one of the most ambitious trade and investment initiatives negotiated in the Asia-Pacific region and aimed to enhance trade and investment, promote innovation, economic growth and development, and create jobs.

The market of the original 12-member countries represented more than 792 million people and a combined GDP of \$28 trillion—more than 38% of the world's economy.

In 2016, B.C.'s domestic exports of goods to the Trans-Pacific Partnership's 12 original signatory members (including the U.S.) were \$26 billion, or roughly 66% of the province's international goods exports.

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## Catalyst Paper

**Issue:** On August 30, 2017, the US Dept of Commerce initiated anti-dumping and countervailing duty investigations of imports of uncoated groundwood paper from Canada. Catalyst Paper is targeted in the petition that led to the investigation. Preliminary determinations by the U.S. International Trade Commission are expected by September 25, 2017.

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