

OFFICE OF HOUSING AND CONSTRUCTION STANDARDS

MEETING INFORMATION NOTE

DATE: September 4, 2015

PREPARED FOR: Honourable Rich Coleman, Minister

MEETING DETAILS: Kwikwetlem First Nation meeting on September 9, 2015

ATTENDEES:

TOPIC: The Kwikwetlem First Nation would like to discuss the Riverview redevelopment.

TIME PROPOSED: 30 minutes

BACKGROUND:

- BC Housing is leading a public consultation on the future use of the Riverview Lands.
- The goal is to create a plan for the site that identifies future uses and informs the City of Coquitlam's development of a neighbourhood plan.
- The Kwikwetlem First Nation has asserted their claim to Aboriginal title of the Riverview Lands, but has not filed a formal land claim.
- BC Housing has negotiated a protocol agreement with the Kwikwetlem First Nation to enable consultation on the future use of the Riverview Lands.
- BC Housing has a positive relationship with the Kwikwetlem First Nation Chief and has been working collaboratively throughout the visioning process, discussing involvement in the future redevelopment and the benefits to the Kwikwetlem First Nation.
- BC Housing will work with the City of Coquitlam, Kwikwetlem First Nation and community stakeholders to come up with a renewal plan for the site. The City will resource the consultation process for rezoning and creating the Official Community Plan (OCP).
- Four open houses took place between February 2014 and June 2015. After each round of open houses, BC Housing posted a summary report on the Renewing Riverview website: www.renewingriverview.com.

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RECOMMENDED RESPONSE:

- We want the public, local government, First Nations and other stakeholders to have a say in the future of Riverview.
- BC Housing will work with the City, Kwikwetlem First Nation and community stakeholders to come up with a development plan for the site. The City will lead the consultation process for rezoning and creating the Official Community Plan (OCP).

Prepared by:
Avery Kelly
Senior Policy Analyst
Housing Policy Branch
Phone: 250-213-3759

Reviewed by:
Virginia Holden
A/Executive Director
Branch

Initial

Date:

__VH__

__Sept 9__

Jeff Vasey
Assistant Deputy
Minister

__JV__

__Sept 9__

Steve Carr
Deputy Minister

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**MINISTRY OF NATURAL GAS DEVELOPMENT
BRIEFING NOTE FOR INFORMATION**

I PREPARED FOR: Honourable Rich Coleman, Minister of Natural Gas Development

II ISSUE: Encana Corporation (Encana) request and appeals to Ministry of Finance for carbon tax exemption.

III BACKGROUND:

Carbon tax is a broad based tax that applies to the purchase or use of fuels, such as gasoline, diesel, natural gas, heating fuel, propane and coal.

In December 2011, Encana applied to the Ministry of Finance (Finance) for a carbon tax refund of \$867,656.96 for the non-combusted use of natural gas from July 1, 2008 to June 30, 2011. Encana argued that the subject natural gas volumes were not combusted but were used for processing raw gas at the well site and also to create pressure to open and close valves to insert chemicals (methanol or corrosion inhibitors) down the well-hole.

Sections 16 and 17 of the Carbon Tax Regulation (CTR) provide nine exemption categories for non-combusted fuel use. These include fuel that is not combusted when used: 16 (a) as a raw material in an industrial process to produce or upgrade another fuel; 17 (c) in pipeline pigging; 17 (d) in down-hole operations at the well site; and 17 (e) to remove impurities in the processing of natural gas.

In April 2013, a Senior Auditor at Finance rejected Encana's refund request. Finance argued that the definition of the term "use" in the *Carbon Tax Act* (CTA) is broad and inclusive and includes both combustible and non-combustible uses. Finance did not agree that the subject gas fit into the existing exemption categories. Encana appealed the decision July 2013 challenging Finance's interpretation of the applicability of the exemptions to the subject gas and also argued that the intent behind the CTA was not to tax natural gas used for processing. Encana further responded in July and August of 2014 to Finance's request for more information.

On November 27, 2014 Consumer Taxation Branch wrote Encana a letter for new monies owed for carbon tax from the same class of volumes in the appeal but now for the subsequent time period of July 1, 2011 to June 30, 2014.

On February 17, 2015 Encana filed a second appeal for the subsequent volumes. On June 24, 2015, Encana provided further information requested by the Tax Appeals Branch regarding the second appeal.

Both appeals are pending a decision and there is no timeline.

IV DISCUSSION:

In support of its position that the intent of CTA was not to tax natural gas used for processing, Encana points to public statements such as the first reading of CTA on April 28, 2008, when then Minister Carole Taylor said:

“The carbon tax will apply to virtually all fossil fuel combustion emissions that are included in the National Inventory Report, representing about 70 percent of total emissions in B.C.”.

Subsequently, then-Minister Collin Hansen indicated that

“... it is not the intention of the Carbon Tax Act to tax process emissions.”

Encana submits that these two statements demonstrate that the policy intent of the CTA and the CTR is to exempt non-combustion uses from the CTA.

In July 2013, the Canadian Association of Petroleum Producers (CAPP) wrote a letter to Finance in support of Encana’s position. CAPP indicated that the outcome of the Finance decision has industry wide implications and negatively impacts overall competitiveness of the upstream industry. CAPP holds the view that the intent of the CTA and CTR as revealed in previous Hansard transcripts, indicate that non-combusted industrial emissions are not subject to carbon tax, rather the intent is to tax combusted emissions. CAPP encouraged Finance to review the decision to collect carbon tax on non-combusted vented emissions.

Carbon tax applied to non-combusted uses of natural gas adds additional costs to the natural gas industry in British Columbia. These costs are not borne in other jurisdictions. s.12,s.13

V Next Steps:

Whether or not the subject gas is exempt is a matter of interpretation of the law on which Finance must decide and respond. s.12,s.13

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s.12,s.13

REVIEWED BY:
Michelle Schwabe,
Director

APPROVED BY:
Richard Grieve, A/ADM
Steve Carr, DM, MNGD ✓