

Subject: FW: Open Letter to Premier Horgan and Minister James on Employer Payroll Tax
Date: Tuesday, March 13, 2018 at 3:01:03 PM Pacific Daylight Time
From: Wanamaker, Lori FIN:EX
To: Wright, Don J. PREM:EX, Wood, Heather FIN:EX, Brouwer, Shauna FIN:EX
Priority: High

Jointly signed by UDI and others

From: Tim McEwan [mailto:Tim@icba.ca]
Sent: Tuesday, March 13, 2018 2:28 PM
To: Wanamaker, Lori FIN:EX
Cc: Chris Gardner
Subject: Open Letter to Premier Horgan and Minister James on Employer Payroll Tax
Importance: High

Hi Lori:

Please find attached an open letter from nine associations to Premier Horgan and Minister of Finance James on the Employer Payroll Tax.

Hope all is well with you.

Best regards, Tim

Tim McEwan
Senior Vice President
Policy & Stakeholder Engagement
Independent Contractors and Businesses Association
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March 13, 2018

Hon. John Horgan
Premier and President of the Executive Council
West Annex Parliament Buildings
Victoria, BC V8V 1X4

Hon. Carole James
Minister of Finance and Deputy Premier
Room 153 Parliament Buildings
Victoria, BC V8V 1X4

Subject: Eliminate the new payroll tax

Dear Premier Horgan and Minister James,

We are writing to urge you to immediately withdraw the proposed employer payroll tax. The new tax will have a significant negative impact on British Columbia's employers and make our province a less attractive jurisdiction for investment.

The new payroll tax places a significant burden on businesses, public institutions, local governments, health care providers, education boards, and non-profit societies.

In addition, it is disingenuous and unfair to taxpayers for the Government to "double dip" in the first year of implementation. Not only is this contrary to the MSP Task Force's recommendation, it is not fair and is contrary to the government's campaign commitments on affordability.

The new payroll tax will add another cost to doing business in B.C. Other cost pressures from governments include:

- Since 2011, the minimum wage in BC has increased 42 percent. Further planned increases to the minimum wage will exceed the annual inflation rate and increase by another 34 percent to \$15.20 by 2021;
- Elimination of the Federal Business Job Credit measure as of 2017 means EI rates will be increasing for business owners in 2018;
- Canada Pension Plan (CPP) payroll costs will increase by 20 percent starting in 2019 until 2023;
- Property taxes, at both the provincial and municipal level, continue to rise;
- New environmental regulations (e.g., regulation of single-use items) and eco-fees (e.g., expansion of products obligated under packaging and paper product category on November 14, 2017) add significant operating costs;

- The carbon tax in BC is set to increase \$5 per tonne annually until 2021, starting this year.

It's time to stop taxing jobs. Combined, all of these taxes are making it more difficult to do business in B.C. and hit small and medium-sized businesses particularly hard.

Medical services are a social program of benefit to all British Columbians and are not inherently related to employment. There are a host of other options at Government's disposal so we encourage the Government to continue to consult with stakeholders to find a fairer and more balanced approach that works for all British Columbians and that is affordable for small and medium-sized businesses.

In the interests of tax fairness and protecting small and medium-sized businesses, we urge the Government to immediately announce the elimination of the new payroll tax.

Yours truly,



Richard Truscott
Vice President, BC & AB




Clyde Scollan
President & CEO




Anne McMullin
President & CEO




Chris Gardner
President




Mark von Schellwitz
Vice President, Western Canada




James Chase
President & Chief Executive Officer




Paul de Jong
President




Jim Humphrey
Chair




Greg Wilson
Director, Government Relations (B.C.)



From: Cheryl Muir
To: [Meggs, Geoff](#) PREM:EX; [Aaron, Sage](#) PREM:EX; [Oreck, Mira](#) PREM:EX; [Minister, FIN](#) FIN:EX; [Zdravec, Don](#) GCPE:EX; [Currie, David](#) GCPE:EX; [Spilker, Robyn](#) FIN:EX; [Gillezeau, Rob](#) FIN:EX; [Henry, Molly](#) FIN:EX; [McLaren, Kenn](#) FLNR:EX; [Sali, Meghan](#) JTT:EX; [Schollen, Tasha](#) GCPE:EX; [Minister, JTT](#) JTT:EX; john-michael.mccoll@gov.bc.ca
Subject: BCBC Offers Mixed Review of #BCBudget2018
Date: Tuesday, February 20, 2018 2:36:04 PM

BCBC reaction to #BCBudget2018



BCBC OFFERS MIXED VIEWS ON BUDGET 2018

February 20, 2018 (Victoria, BC) - The first full budget from the new provincial government is being met with mixed reviews by the Business Council of British

Columbia. Today's budget presented by Finance Minister Carole James introduces a new payroll tax, takes significant steps towards addressing housing affordability, and commits to a significant expansion of child care in the province. However, the Business Council believes there is more work to do to strengthen the foundations of B.C.'s prosperity.

The new Employer Health Tax represents an additional cost for employers. The Business Council is concerned about increasing the payroll tax burden. "Our initial assessment is that this new tax will increase overall payroll costs for our members by several hundred million dollars a year," said Greg D'Avignon, the Business Council's President and CEO.

The budget contained several measures affecting the housing sector. "We recognize the pressure on government due to widespread public concerns over housing affordability and the role of non-residents in driving local housing markets," stated Greg D'Avignon. "Today, the Minister announced a series of steps to curb housing demand. While further review of their potential impact is warranted, the planned changes, taken together, are unprecedented in scope and may cause some disruption to the market."

B.C.'s robust housing sector, along with associated construction activity and retail spending, has been a very significant factor driving the province's recent strong economic growth. The budget projects a significant decline in housing starts in the years ahead, which underscores the need to encourage growth in other sectors of the province's economy, particularly our major export-oriented industries.

"We also believe the province should be doing more to speed up and reduce the cost of new residential development. Progress on affordability requires strong action on housing supply, not just additional government interventions to lessen housing demand," said D'Avignon.

The Business Council applauds the government's stated intention to provide energy intensive trade exposed industries some relief from B.C.'s escalating carbon tax. This should reduce the extent of any "carbon leakage" and loss of industrial production, as the carbon tax rises in the next four years.

The Business Council has long been worried about the sluggish pace of business investment and weak capital formation. "B.C. businesses aren't investing enough in machinery, equipment, advanced process technologies, intellectual property products, and other categories of assets that make our firms and workers more productive," stated Jock Finlayson, the Business Council's Executive Vice President and Chief Policy Officer. "On a per employee basis, B.C. businesses invest less than 60% as much as their American counterparts, on average. Unfortunately, the new budget will do little to boost business investment. In fact, like Canada, British Columbia is losing ground to the United States on competitiveness and business attraction owing to higher taxes, increased regulation, and rising carbon prices on our side of the border, at a time when the US is moving in the opposite direction."

The budget indicates that B.C. continues to run a slim operating surplus over the three-year fiscal plan. "The updated fiscal plan looks reasonable. With the province's economy growing robustly over the last several years, we believe the government should steer clear of operating deficits," noted Mr. Finlayson.

Despite the identified areas of concern, the government has taken several positive steps that will be welcomed by many in the business community.

The NDP government has committed to a stepped-up program of capital spending, which is consistent with past advice from the Business Council. "The province has large unmet needs for new and refurbished infrastructure, including bridges, roads and road improvements, and modern health care facilities. We support the Minister's decision to accelerate capital spending, particularly since borrowing costs remain relatively low," stated Mr. D'Avignon.

"We also support the decision to give universities and colleges greater scope to develop additional student housing."

Government is investing in 2,900 additional post-secondary seats in technology related fields of study, supporting the development of talent, one of the key assets in our emerging knowledge economy and an important factor in the success of the new Digital Technology Supercluster and the Cascadia Innovation Corridor.

The Business Council also recognizes and supports the moves to expand child care and related services. "As the government implements its agenda in this area, we believe the focus should be on providing additional assistance of low and moderate-income families," stated Mr. D'Avignon.

The Business Council also endorses the decision to set aside additional funds to encourage growth in the agri-food sector.

About the Business Council of British Columbia

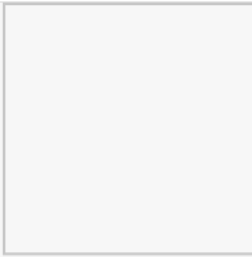
Now in its 52nd year as the premier business organization in British Columbia, the Business Council of B.C. is a non-partisan organization made up of 250 leading companies, post-secondary institutions and industry associations from across B.C.'s diverse economy. The Council produces exceptional public policy research and advocacy in support of creating a competitive economy for the benefit of all British Columbians.

Watch your inbox: In the coming days, the Business Council will share our full analysis of #BCBudget2018.

UPCOMING EVENT:

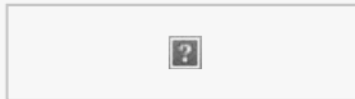
Energy Transitions Forum featuring Bruce Anderson

Bruce Anderson, one of Canada's most respected pollsters and strategic advisors, will share his latest research into



Canadians' shifting opinions on energy, climate and the low carbon economy.

Following his remarks, Bruce will join **Colleen Giroux-Schmidt** of Innergex, **Tom Syer** with Teck and **Merran Smith** of Clean Energy Canada for a panel discussion on how the findings of this research may impact public policy decisions and British Columbia's competitiveness.



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www.bcbc.com



#BCecon

From: [Hannah, Matt GCPE:EX](#)
To: [Aaron, Sage PREM:EX](#); [McConnell, Sheena PREM:EX](#)
Subject: Q and A
Date: Wednesday, February 28, 2018 11:11:59 AM
Attachments: [Issues Scan.docx](#)

Matt Hannah
Director of Issues Management
778.584.1249

Issues Scan 2018.02.28

Employer Health Tax

Background:

- The Opposition has claimed that because the employer payroll tax comes into effect in 2019 and MSP is fully eliminated in 2020, some businesses will be double paying for a year.
- Some businesses are saying that the \$500,000 threshold is too low, and some small businesses will be impacted.
- Media and Opposition may ask about the impacts of the EHT on the public sector, including school districts and post-secondary institutions, or on non-profits.
- The potential impact of EHT on school boards and non-profits was the subject of numerous QP questions on Tuesday, Feb. 27.

Message:

- MSP is a regressive tax that makes someone making \$50,000 a year pay the same amount as someone making \$500,000 a year.
- I'm proud of the fact that we are fully eliminating MSP premiums in this budget, saving B.C. families as much as \$1800 per year.
- By exempting businesses with payrolls under \$500,000, the employer health tax is designed to protect small business.
- And businesses with payrolls from \$500,000 to \$1.5 million will benefit from a reduced rate.
- Less than 5 per cent of businesses will pay the full Employer Health tax rate.

Isn't this double dipping?

- Many businesses will see significant savings this year and next from the 50% reduction in MSP premiums.

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- We are moving forward to eliminate MSP fully while ensuring healthcare is properly funded.

What about the impacts on municipalities, school boards, non-profits?

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- Government has already moved forward with a 50% reduction in MSP premiums, resulting in savings for individuals and employers of approximately \$1.3 billion.
- We have set an implementation date a year into the future to ensure a smooth transition for all employers.

Fish Farm FOI

Background:

- The Vancouver Sun reported on an FOI containing emails related to the drafting of an October 13 letter to Marine Harvest.
- The story quotes emails from Ministerial Assistants and civil servants and suggests political staff directed the creation and content of the letter.
- In the emails, staff flag that the language in the letter could sound like a threat though it was not intended to be.
- The story notes the letter was reviewed and approved by three ministers and by the Premier's Office

Message:

- Our government is committed to protecting our wild salmon and the nearly 10,000 good jobs that depend on it.
- We are taking a different approach and working with First Nations, building a new relationship based on partnership and respect.
- We wrote to the company to seek some breathing room to allow for conversations on the issues the old government ignored.
- Our government is working closely with the aquaculture sector and meet with industry regularly, and with the federal government.
- Even industry agrees that there are challenges with the status quo left by the previous government.
- We have started on a path forward with First Nations that will engage them as true partners in protecting wild salmon on our coast.

Animal Health Centre Review

Background:

- Rob Shaw has asked about what is happening with the review being conducted by Don Wright's office.

Message:

- We have received the audit of the Animal Health Centre and are reviewing it and the recommendations.
- We will provide an update once we've had time to properly review the findings.

Safe Care Act

Background:

- Jane Thornthwaite is expected to introduce legislation that would allow children struggling with substance use to be involuntarily admitted by their parents into treatment.
- Recent media coverage on the death of 15 year-old Steffanie Lawrence from Squamish.
- Her parents have called for secure care/safe care legislation.
- Minister Darcy met with the family on Friday, February 23 to listen to the family's experience.

Message:

- Protecting the well-being of children is the highest priority for helping children struggling with drug or alcohol use.
- We listen to public health experts on how to best save the lives of those struggling with drug use.
- We know that there is not one single solution that will eliminate overdose deaths in British Columbia but we are working to implement a seamless and coordinated mental health and addictions system.

Cannabis in Federal Budget

Background:

- The Federal budget includes \$62.5 million over five years, starting in 2018–19, for public education initiatives warning Canadians about the risks of cannabis use.
- It includes \$10 million over five years for the Mental Health Commission of Canada to help assess the impact of cannabis use on the mental health of Canadians, and \$10 million over five years to the Canadian Centre on Substance Use and Addiction to support research on cannabis use in Canada.

Message:

- Our priority is the health and safety of British Columbians, keeping marijuana out of the hands of children, and getting organized crime out of this business.

- It is important to us that the significant costs of legalizing cannabis to provinces be reflected in the federal budget.
- There is funding included for public education about the risks of cannabis, as well as for research.
- However we were hoping to see more funding for enforcement and to deal with drug-impaired driving, and are disappointed about that.
- We are still reviewing the budget details with our experts to determine how it will impact British Columbia.

Jaspal Atwal

Background:

- The Vancouver Sun published an article about politician connections to Jaspal Atwal by Canadian Press reporter Amy Smart.
- In the article, Jaspal Atwal says Jinny Sims asked him to help with her campaign.

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Message:

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Double Counting Affordable Housing Units

Background:

- Rob Shaw has written an article quoting Shirley Bond claiming we are double counting some affordable housing units that were announced by the previous government.
- 4,900 affordable units that the Liberal government announced would have had rents from \$950 to \$2428 per month for a one- to three-bedroom apartment.
- Our government invested an additional \$75 million into these units to bring the rents to \$845 - \$1663

Message:

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Coquihalla Crash

Background:

- At around 8:00 p.m. on Sunday, February 25, a 14-vehicle crash occurred southbound on the Coquihalla Highway, south of Othello (Exit 183) involving 4 commercial transport trucks, 3 loaded passenger buses, and 7 passenger vehicles.
- 29 people were transported to hospital, 7 with critical injuries. More than 100 people involved were transported to a warming centre in Hope.
- A travel advisory was in effect, and severe weather warning lights were activated at 11:00 a.m. on Sunday.

Message:

- The accident on the Coquihalla on Sunday night was extraordinary in scale, and our thoughts are with the many people injured.
- Safety on our roads is a top priority and we take crashes very seriously.
- The RCMP are investigating the cause of the crash, and we await the results of that investigation.

Diluted Bitumen Consultation

Background:

- In a Feb 12th interview, the Prime Minister said that the BC Premier's actions threaten the federal plan to address climate change.

- The Premier announced that BC will send the bitumen proposal to the Courts in a reference case to affirm the province's right to regulate.
- In response, Alberta announced they were suspending their boycott of BC wine and willing to resume talks about the electricity intertie.

Message:

- The people of BC are looking to our government to make sure any spill of diluted bitumen does not threaten our province's economy, environment and our coast.
- We have proposed consultation on a number of measures on spill preparedness and response that would apply to anyone looking to ship hazardous materials through our province.
- We are moving forward in the coming weeks with consultation on the first four measures:
 - Spill response times
 - Geographic response plans
 - Compensation for loss of public and cultural use of land
 - Application of regulations to marine spills
- We are confident in our right to protect BC's environment, economy and coast from the consequences of a diluted bitumen spill.
- We are retaining expert legal counsel to ready that reference and confirm our rights in court.
- We've been clear from the start that the appropriate place to resolve this is in the courts.
- We have said all along that we will defend BC's interests and we are confident that the Courts will confirm we have the jurisdiction to do so.

Taxes on Luxury homes

Background:

- The Property Transfer Tax on the portion of a home's value over \$3 million will increase from 2 to 5%.
- The school tax will increase on the portion of a home's value over \$3 million by 0.2% and on the portion over \$4 million it will increase by 0.4%.
- These measures are effective for the 2019 tax year.
- Media has reported on the impact of increased school tax and property transfer tax on expensive homes.
- Opposition MLAs have criticised the increased taxes, calling it a war on upper end homes. (Dan Ashton, Feb 21)

- Some real estate developers and owners of rental buildings were concerned that this tax would apply to their properties, thus driving up rental costs. This is not the case; it will only apply to dwellings with 3 or fewer family units as defined in the budget bill.
- After Minister Robinson clarified that the tax would not apply to purpose built rental buildings, some developers characterized this as a “walk back” of our position on social media. In fact, this tax was never designed to capture purpose built rentals with greater than 3 units.

Message:

- Our government is working to make housing affordable for everyone in BC.

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- We are making the largest investment in affordable housing in B.C.’s history.
- We are curbing speculation in our housing markets.
- And we are introducing small increases on the top 2% of homes.
- The suite of measures is a balanced approach to addressing housing affordability and moderating the market.

Housing Market Outcomes

Background:

- Media reports have suggested that a drop in housing prices could put recent homebuyers underwater.
- The Green Party has asked what the desired outcome of our government’s housing policy is.

Message:

- The housing crisis was allowed to build over many years, and it can’t be fixed overnight.
- We’re looking to moderate the market and make housing more affordable over time.
- Our comprehensive approach includes moderating demand as well as historic investments in building new housing of all kinds including affordable rental units, and homes.
- The reality is, it is going to take time, but we have taken bold action to improve housing affordability.

- We will be closely monitoring housing prices, income-to housing metrics and other indicators.
- We are taking a bold, balanced approach to make housing of all kinds more affordable for people.

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Speculation Tax

Background:

- Media has reported on the Speculation Tax impact on vacation homes, suggesting it may force out of province individuals to sell.
- Andrew Weaver has questioned why the government is expecting increased revenues from property tax because if they worked to curb demand the revenue should be nothing.
- The Canada West Ski Association raised concerns in a letter that the speculation tax has spooked investors who worry it might be expanded to rural ski properties.

Message:

- We inherited a housing affordability crisis from the previous government that demands bold action.
- Speculation has contributed to runaway prices and made it hard for renters and owners to find housing they can afford.
- A new speculation tax will target foreign and domestic speculators in BC. - speculators who are treating the housing market as a stock market.
- People who leave homes vacant, who take housing out of the market, are the ones who will pay the tax.
- British Columbians living in their own homes, or renting them out long term will be exempt.

But why are you targeting people with vacation homes?

- Too many British Columbians can't find an affordable place to live in their community.
- The tax will only apply to urban areas of the province ^{s.13}

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Is this going to hurt investment in ski resorts?

- The tax will only apply to the defined urban areas of the province.
- It will not apply to rural areas.
- We recognize and value the contributions of resort communities and vacation properties to rural economies.
- We have spoken with the Canada West Ski Areas Association and reassured them of this.

Federal Budget Reaction

Background:

- The federal government introduced its 2018 budget yesterday.
- Highlights:
 - \$231.4 million over the next five years to fight Canada's opioid crisis, including \$150 million in one-time funding for the opioid crisis and while allocation has yet to be determined it notes that BC has been at the forefront of the crisis (a per capita share would be \$20 million).

- To support the construction of rental housing, an increase in the amount of loans provided by the Rental Construction Financing Initiative from \$2.5 billion to \$3.75 billion over the next three years.
- A new Employment Insurance Parental Sharing Benefit funds up to five weeks of leave for new fathers to support sharing of child care responsibilities in the first years is expected to be available starting June 2019.
- \$5 billion over the next five years toward reconciliation with Indigenous peoples.
- \$328M over 5 years for Guns and Gangs
- \$62.5 million over 5 years, starting in 2018–19, for public education initiatives to support the involvement of community-based organizations and Indigenous organizations that are educating their communities on the risks associated with cannabis use.

Message:

- I'm optimistic about our partnership with our federal partners to make sure that we best serve the people that both of us are serving.
- We are still reviewing the budget details with our experts to determine how it will impact British Columbia.

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Hydro Rate Freeze

Background:

- The BCUC extended hearings on BC Hydro's request for a rate freeze in order to hear "arguments on the Premier's Comments" about the possibility of targeted rate relief being better than across the board freezes.
- In response to media requests, the Premier's Office has said that the government's position has not changed and we are still seeking a rate freeze before the BCUC.
- BC Hydro has filed with the BCUC to indicate there has been no change in the government's position.
- At the same time we are looking at targeted programs in the future to help lower income British Columbians who need assistance with their hydro bills.

Message:

- Our government is committed to making life more affordable for people.
- Under the old government, hydro rates sky-rocketed by 70% - putting the squeeze on households.
- We've asked the BCUC for a rate freeze and our position on that hasn't changed.

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From: [Truong, Lele GCPE:EX](#)
To: [Aaron, Sage PREM:EX](#); [Holmwood, Jen PREM:EX](#)
Cc: [Sherlock, Stephanie GCPE:EX](#)
Subject: RE: Chinese media roundtable - media scan & questions
Date: Thursday, February 22, 2018 8:00:15 PM
Attachments: [Chinese media scan and potential questions updated 02.22 at 7 pm.docx](#)

I've added another issue - employer health tax. Fairchild AM1470's 5 pm talk show was about this new tax. Here is my summary (which will include in my media report tomorrow).

Do expect questions & reactions from Chinese restaurant operators. I suspect we'll see more coverage in Chinese social media in the coming days.

Fairchild AM 1470 News Hotline, Thursday Feb. 22, 5pm – 6pm

Language: Cantonese

Host: Erich Cheung Guest: Ken

Topic: New employer health tax

Discussion highlights:

- Mr. Cheung provided a brief explanation of the new employer health tax. He said the new tax is facing criticism from business community.
- Cited the reactions of CFIB & Greater Vancouver Board of Trade, Ian Black - additional cost to small and medium businesses, no consultation from the government, businesses were caught off guard
- Ken: The threshold of \$500,000 (approximately 10 to 12 employees) is too low. It is going to hurt the small business. The threshold should be raised to \$1million.
- Mr. Cheung: the new tax is affecting the employee, not just employers. BC government (as an employer) is expected to pay \$4 billion payroll tax, but in the end the taxpayers are footing all the bills. We should be concerned that the NDP government didn't take MSP task force advice to hold off the new tax until the elimination of MSP premium in 2020.
- Mr. Cheung: Do you think it is fair to transfer the MSP to employers? There were 3 callers to the show – one caller is supportive of the employer paying health tax because workers have been stripped of benefits while 2 other callers are against it. One of them is a small business owner. His course of action in response to the new tax - hiring freeze and reduce workers hours.

From: Truong, Lele GCPE:EX
Sent: Thursday, February 22, 2018 2:39 PM
To: Aaron, Sage PREM:EX; Holmwood, Jen PREM:EX
Cc: Sherlock, Stephanie GCPE:EX
Subject: Chinese media roundtable - media scan & questions

Hi Sage,

As requested, please find attached a brief summary of the major issues & potential questions from Chinese media.

Please let me know if you have any questions and/or require more information.

Lele Truong

Media Relations Officer

Government Communications and Public Engagement

Phone: 778-676-5555

E-mail: Lele.Truong@gov.bc.ca

Chinese media scan as at February 22, 2018
Major issues and topics
Potential Questions from Chinese media

Major issues and topics	Media Outlet & background notes	Potential Questions & Context
Chinese museum - showcasing Chinese historical artifacts in Royal B.C. Museum	Sing Tao Daily – headline story from David Jang’s year-end interview with the Premier. Premier told David that Minister Chow is responsible for the follow up.	s.13
Chinese Legacy Initiatives – established by the previous government. -Celebration book -Legacy Initiative Advisory Council (LIAC) Chair of LIAC, Ken Tung, voiced his concern in Chinese media about the lack of communications between new government and the Committee. In November 2017, Mr. Tung said that he and the committee members have not received any email communication in the past 6 months. There was no LIAC meeting.	Ming Pao – reporter Victoria Chang has mistakenly reported the end of Chinese legacy project according to Communications Director at Ministry of Arts, Tourism & Culture. There were attempts to correct the information between the reporter and Comms Director. The reporter had offered to publish a follow up story with the corrections. There has been no coverage on this story.	
BC Budget - Housing measures (foreign buyers tax, speculation tax and property transfer tax) The Canadian Alliance of Chinese Associations gave the budget 3.5/5. The President said the Chinese community were not consulted on these housing measures.	Housing measures are headline stories in Chinese media – front page in Ming Pao & Sing Tao. CHMB AM1320 talk show – skeptical about the effectiveness of housing measures given the statistics on foreign buyers in BC.	
BC Budget - \$10/day child care promise, Richmond Hospital, MSP Premium	The radio talk show hosts began referring the \$10/day childcare promise as a slogan. An editor piece in Sing Tao raised two concerns 1) No sign of \$10/day childcare in budget. Universal child care policy could become a financial trap if it’s	

	<p>poorly executed.</p> <p>2) NDP waited 16 years to govern again, government prioritize on social benefit policy, scrap balanced budget and increase tax burden.</p>
Minimum Wage Increase	<p>Given the recent protest and criticism against Ontario government's drastic minimum wage hike, Chinese media coverage of Premier's announcement is less critical. Overall opinion - minimum wage hike is a growing trend.</p>
Recreational marijuana legalization	<p>Sing Tao reporter, James Fung is one of the founding members of the "July 2018 Marijuana Legalization Concern Group". This Chinese group is against legalization.</p>
Employer Health Tax	<p>Fairchild AM1470 – 2 daily talk shows today reiterate the same sentiment. Government is "double dipping", didn't take the advice of MSP task force, and did not consult the business community, new tax is hurting small business (already facing minimum wage hike)</p>

From: [McConnell, Sheena PREM:EX](#)
To: [Gillezeau, Rob FIN:EX](#); [Hannah, Matt GCPE:EX](#); [Howlett, Tim GCPE:EX](#); [Aaron, Sage PREM:EX](#); [Holmwood, Jen PREM:EX](#)
Cc: [Spilker, Robyn FIN:EX](#)
Subject: RE: Employer Health Tax example doesn't add up
Date: Wednesday, March 7, 2018 4:26:42 PM

I shared the original analysis of Nature's Fare Markets with members of the Press Gallery.

From: Gillezeau, Rob FIN:EX
Sent: Wednesday, March 7, 2018 3:35 PM
To: Hannah, Matt GCPE:EX; Howlett, Tim GCPE:EX; Aaron, Sage PREM:EX; McConnell, Sheena PREM:EX; Holmwood, Jen PREM:EX
Cc: Spilker, Robyn FIN:EX
Subject: RE: Employer Health Tax example doesn't add up

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Rob Gillezeau

Senior Ministerial Assistant
Minister of Finance and Deputy Premier
250-413-7048

From: Hannah, Matt GCPE:EX
Sent: Wednesday, March 7, 2018 3:33 PM
To: Howlett, Tim GCPE:EX; Aaron, Sage PREM:EX; McConnell, Sheena PREM:EX; Holmwood, Jen PREM:EX
Cc: Gillezeau, Rob FIN:EX; Spilker, Robyn FIN:EX
Subject: RE: Employer Health Tax example doesn't add up

s.13

From: Howlett, Tim GCPE:EX
Sent: Wednesday, March 7, 2018 3:28 PM
To: Aaron, Sage PREM:EX; McConnell, Sheena PREM:EX; Holmwood, Jen PREM:EX; Hannah, Matt GCPE:EX
Cc: Gillezeau, Rob FIN:EX; Spilker, Robyn FIN:EX
Subject: Employer Health Tax example doesn't add up

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Many of the examples use high EHT cost figures to suggest a major impact, but they would mean very high payrolls (\$5M+). The EHT is just 1.95% of payroll, and even smaller as a proportion of total operating costs.

Tim Howlett
Issues Manager
Strategic Issues Division, GCPE
250.208.4828

From: [Filion, Corinna GCPE:EX](#)
To: [Sherlock, Stephanie GCPE:EX](#); [Aaron, Sage PREM:EX](#); [Holmwood, Jen PREM:EX](#)
Cc: [Currie, David GCPE:EX](#); [Leslie, Sean GCPE:EX](#)
Subject: RE: Health tax on schools Q
Date: Wednesday, February 28, 2018 12:03:55 PM
Attachments: [IN Budget - MSP-Health Tax.docx](#)

Our IN attached

From: Sherlock, Stephanie GCPE:EX
Sent: Wednesday, February 28, 2018 12:01 PM
To: Aaron, Sage PREM:EX; Holmwood, Jen PREM:EX
Cc: Currie, David GCPE:EX; Filion, Corinna GCPE:EX
Subject: Health tax on schools Q

Looking for a Punjabi spokesperson to respond to the above.

Have we anyone and are they prepped?

Thanks in advance

Stephanie

Stephanie Sherlock

Director, Media Relations

Government Communications & Public Engagement

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ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry of Education

Date: Feb. 22, 2018

Date Updated: Feb 27, 2018

Minister Responsible: Rob Fleming

MSP Elimination /Health Tax

ADVICE AND RECOMMENDED RESPONSE:

s.13,s.17

BACKGROUND:

Issue: School districts will likely express concern about the effect of the employer health tax on their budgets. The Vancouver Sun reported that because the employer health tax comes in in 2019 but MSP premiums aren't eliminated until 2020 that the Province is "double-dipping" and hurting businesses.

Budget 2018 will eliminate Medical Service Plan (MSP) premiums effective Jan. 1, 2020.

The B.C. government committed to eliminating MSP premiums within four years. The government took the first step in *Budget 2017 Update* by cutting MSP premiums by 50% starting Jan. 1, 2018. This means school districts will save approximately \$30 million in MSP premiums in school year 2018/19.

In order to continue to deliver the services like health and education, the Province is replacing the revenues from MSP premiums with an employer health tax. The new employer health tax will begin January 1 2019 and cost approximately \$45 million. A net cost of these two will be \$15 million in 2018/19 school year.

This new payroll tax will come into effect Jan. 1, 2019 with the following rate structure:

- Businesses with a payroll of more than \$1.5 million will pay a rate of 1.95% on their total payroll.
- Businesses with a payroll between \$500,000 and \$1.5 million will pay a reduced tax rate.
- Businesses with a payroll under \$500,000 will not pay the tax.

At 1.95%, it is also the lowest rate among provinces with a payroll tax in Canada.

Subject to legislative approval, the proposed tax legislation will include clear rules regarding the frequency of installment payments and defining how payroll amounts are to be aggregated among associated businesses prior to applying deductions and tax rates.

B.C.'s total Budget for education for 2018/19 is \$6.3 billion – which is up approximately \$200 million from 2017/18.

Budget 2018 provides an additional \$409 million over three years (from 2018/2019 to 2020/2021). This includes:

- \$207 million for enrolment growth
- \$72 million for the Classroom Enhancement Fund (CEF) for 200 more teachers.
- \$70 million for independent schools
- \$49 million for the Economic Stability Dividend
- \$9 million for an initial investment in Child Care BC new early learning initiatives
- \$2 million for the Teachers Act Special Account

The Capital Budget includes \$1.8 billion over three years in funding for:

- \$541 for seismic upgrades
- \$693 million for expansions and replacements
- \$508 million for asset rehabilitation and maintenance
- \$15 million for the Playground Equipment Program

An additional \$24 million is being allocated annually to the CEF for 200 more teachers, bringing the total for CEF to \$400 million annually.

ADVICE TO MINISTER

In addition to MSP savings in 2018, Boards of Education will save about \$60M through:

- o savings from Municipal Pension Plan contribution reductions (\$5.5 million in 2018/19, increasing to \$8.3 million beginning in 2019/2020)
- o savings in Teacher Pension Plan contribution reductions (\$46.1 million)
- o savings in the Next Generation Network costs (\$8.4 million)

GCPE Contact:		
Program Area Contact:		
File Created:	Feb. 22, 2018	
File Updated:		
File Location:		

Minister's Office	Program Area	ADM	Communications Director
			Corinna Filion