

2019

Policy Manual

Kamloops Chamber of Commerce

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Municipal Policies

REVITALIZATION TAX EXEMPTION AMENDMENT POLICY

Opening Statement

There is a demand from the business community for high-quality commercial space, but the cost of development is high. Tax incentives would make development more appealing, especially relating to the development of brownfield sites, but the City's current City Centre Revitalization Tax Exemption Bylaw No. 22-4-5 (the "Revitalization Tax Exemption") is too limited. Amendments to the Revitalization Tax Exemption are necessary to encourage much needed commercial development in Kamloops' core areas.

Issues

1. There is a demand for high quality commercial space in Kamloops' core areas.
2. There are undeveloped former brownfield sites in these core areas.
3. The limited application of the Revitalization Tax Exemption does not encourage the development of commercial property.
4. The exemption relating to brownfield sites has never been utilized due to its limited scope.
5. In its current form, the Revitalization Tax Exemption does not satisfy the objectives of the bylaw, specifically regarding stimulating and encouraging new private investment, improving the image and attractiveness of the revitalization area, and better utilizing city infrastructure.

Background

The Revitalization Tax Exemption came into force in 2009. The purpose is to establish a revitalization tax exemption program in specified areas of the City of Kamloops for the purposes and objects of, but not limited to, strengthening the viability of existing businesses, stimulating and encouraging new private investment, encouraging higher density residential development, encouraging public parking in new parking structures, improving the image and attractiveness of the revitalization area, and better utilizing city infrastructure.

In order to obtain the objectives, the City has determined specific requirements in order to obtain a 100% tax exemption on municipal taxes and allows the exemption for a period of ten (10) years. In order for the Project to be considered, the following requirements must be met:

For a Project involving the construction of a new improvement:

- (i) the Project must:

- a. be a multi-family residential; or
 - b. be a hotel/motel construction; or
 - c. be an underground parking structure or an above ground multi-story parking structure that includes Public Parking and only the area of the structured dedicated to Public Parking will be eligible for the Tax Exemption and a covenant for the Public Paring will be registered against the Parcel for the term of the Tax Exemption; or
 - d. a minimum of 80% of the gross leasable area (GLA) is used exclusively for High-Tech uses.
- (ii) the land use classification for the completed Project must be one of the uses permitted in the applicable zone for the Parcel, as set out in the City of Kamloops Zoning Bylaw No. 5-1-2001, as amended, and must be consistent with the future land use designation for the Parcel, as set out in KAMPLAN, the City of Kamloops Official Community Plan Bylaw No. 5-1-2146, as amended; and
 - (iii) there must have been no prior Tax Exemption Certificate issued under a revitalization tax exemption program in respect of the Parcel on which the project will be completed.

For a Project involving the alteration of an existing improvement:

- (i) the value of the alteration must be at least \$100,000 or 30 per cent of the assessed value of improvements the year before the alteration is to begin, whichever is greater;
- (ii) the Project must include a Public Realm Improvement;
- (iii) the land use classification for the completed Project must be one of the uses permitted in the applicable zone for the Parcel, as set out in the City of Kamloops Zoning Bylaw No. 5-1-2001, as amended, and must be consistent with the future land use designation for the Parcel, as set out in KAMPLAN, the City of Kamloops Official Community Plan Bylaw No. 5-1-2146, as amended; and
- (iv) there must have been no prior Tax Exemption Certificate issued under a revitalization tax exemption program in respect of the Parcel on which the Project will be completed.

For a Project involving a brownfield site; where “brownfield site” means an abandoned, vacant, and/or derelict commercial or industrial property where past actions have resulted in contamination, and where there is an active potential for redevelopment requiring remediation of contamination to meet applicable provincial remediation standards:

- (i) the value of the alteration/improvement must be at least \$100,000 or 30 percent of the assessed value of improvements the year before the alteration/improvement is to begin, whichever is greater;
- (ii) the land use classification for the completed project must be one of the uses permitted in the applicable zone for the parcel, as set out in the City of Kamloops Zoning Bylaw No. 5-1-2001, as amended, and must be consistent with the future land use designation for the parcel, as set out in KAMPLAN, City of Kamloops Official Community Plan Bylaw No. 5-1-2146, as amended; and
- (iii) there must have been no prior tax exemption certificate issued under a revitalization tax exemption program in respect of the parcel on which the project will be completed.

There is no tax exemption for new construction of a project for commercial use and the brownfield site tax exemption, specified in the bylaw, does not apply to property that has already been remediated prior to the purchase by the current owner, even if it is vacant, undeveloped land.

In regards to the brownfield site tax exemption, the purpose of the exemption is to encourage remediation and redevelopment of contaminated property, but only applies to property requiring remediation. It does not consider property that has been remediated and sold. In these cases, the cost of remediation has been passed along to the purchaser. As such, it is only reasonable that the purchaser developer should be able to apply for the tax exemption as if the lands had been remediated by them.

Furthermore, remediation adds cost to a property and the property must be very marketable to offset the remediation cost. For a seller of a brownfield site, if the exemption applied to the purchaser, then the seller would be much more likely to remediate themselves knowing that the property will sell for top dollar to a purchaser developer, who can qualify for the tax exemption. In not allowing this exemption to apply to vacant remediated lands, development of brownfield sites is hindered and/or discouraged completely.

Recommendations

In order to encourage the development of commercial property and the development of brownfield sites, we recommend that the City of Kamloops:

1. amend the Revitalization Tax Exemption as follows:
 - a. Add 6.a.(ii)(e) be for commercial use;
 - b. The “Brownfield Site” definition is amended to mean an abandoned, vacant, and/or derelict commercial or industrial property where past actions have resulted in contamination, and where there is an active potential for redevelopment. The property must either (i) require remediation of

contamination to meet applicable provincial remediation standards or (ii) have been remediated of contamination to meet applicable provincial remediation standards; and

- c. Add paragraph 6.c.(iv) For a project involving a Brownfield Site, the tax exemption is transferrable to new owners of a Brownfield Site, as long as the exemption has not been applied for or considered for the parcel on which the project will be completed.
- d. Civic government explores a tax exemption structure which allows small business to take advantage of the program at an amount lesser than the current \$100,000 threshold.

Provincial Policies

A CANADA JOBS GRANT PROGRAM FOR ALL CANADIAN BUSINESS (2016)

Opening Statement

The Canada Jobs Grant program helps Canadian businesses offset the high cost of training needed to improve employee skills which, in turn, keeps their businesses competitive and growing.

The problems however, with the Canada Jobs Grant are numerous. Some examples: few businesses know that the grant exists; the grant is difficult to access and apply for; if a company did apply, it took too long until they heard if they were approved (4 months); and the funding dried up too fast.

Background

In Budget 2007, the Government introduced the Labour Market Agreements with an investment of \$3 billion over six years to assist Canadians who are low-skilled or not eligible for Employment Insurance (EI) benefits.

Economic Action Plan 2013 announced the Government's intention to renew the Labour Market Agreements with provinces and territories in 2014 with investments of \$500 million per year. The Agreements will be reformed to directly connect skills training with employers and jobs for Canadians with the Canada Jobs Grant - the centrepiece of the new agreements. The Grant will account for \$300 million of total annual Labour Market Agreement funding from the federal government on full implementation in 2017-18.

The grant, as delivered through Labour Market Agreements, will require matching from employers as well as provinces and territories. Businesses with a plan to train Canadians for an existing job or a better job will be eligible to apply for a Canada Jobs Grant. The grant will provide access to a maximum of \$5,000 federal contribution per person towards training at eligible training institutions. This means the grant could provide \$15,000 or more per person, including provincial/territorial and employer contributions.

Upon full implementation of the grant under the Labour Market Agreements, nearly 130,000 Canadians each year are expected to be able to access the training they need for gainful employment or to improve their skills for in-demand jobs.

The remaining funding of \$200 million per year will continue to be transferred to provinces and territories to support delivery of critical employment services, such as counselling, job search assistance, and administration.

The Government will work in cooperation with its provincial and territorial partners to transform the way Canadians get training to help achieve our shared objectives of creating jobs and economic growth.*

*www.actionplan.gc.ca/en/initiative/canada-job-grant

Issues

Each province manages their own Canada Jobs Grant funding and therefore has developed different criteria and qualifications for the program. This creates inequities province to province. In other words, some provinces received funding all year (Alberta) and some funding ran out before it even got off the ground (BC).

- There is no sustainable funding throughout the year; therefore there is not always funding available when employers require training or programs offered later in the calendar year.
- Application process is difficult and often takes too long to process.
- Funding closed off too quickly.
- There is no cap on the amount of funding a company can apply for. This means that large employers applying for an amount of funding appropriate for their number of staff may secure a large portion of the funding available, leaving less available for the many smaller employees needing the grant dollars.
- The process to obtain employees through this program does not fit within normal hiring processes.
- Lack of awareness and communication about the program meant that the money ran out before most companies knew it existed.
- There were too many constraints on the program as to which personnel and which companies are eligible for funding.
- Approvals were not received in a timely manner. Applicants did not find out if they were approved for 4 months after they applied, in which time it often meant the program they wanted to access, or funding they had set aside, was no longer available.

Conclusion

The Canada Jobs Grant as administered in BC is ineffective, difficult to apply for and is inequitable province to province and business to business. This program needs to be immediately restructured with tighter and clearer guidelines to allow access for all Canadian businesses to receive funding for training.

THE CHAMBER RECOMMENDS

That the Provincial Government work to:

1. create a specific time frame for approval/disapproval that is no longer than 6 weeks

2. create a process for an expedited approval/disapproval process under special circumstances
3. implement a sustainable funding model to ensure equal access throughout the year;
and
4. set a maximum funding amount of \$50,000.00 per company and/or \$10,000.00 per employee.

Submitted by Thrive Business Strategies

PST COLLECTION FOR CONTRACTS TO IMPROVE REAL PROPERTY (2016)

(Revised and updated 2019)

Opening Statement

Ever since the re-introduction of the Provincial Sales Tax (PST) back in 2013, issues of administering and collecting the sales tax continues to pop up to this day. The latest issue involving the PST is regarding the collection of the sales tax by real property contractors.

Back in 2008, the provincial government changed the way real property contractors collected and remitted the PST on behalf of customers. Starting in October 2008, real property contractors were required to pay the PST on any materials used in the completion of a contract to improve real property, unless explicitly stated otherwise in the contract that the customer would pay. Shortly after this change, the BC government began the transition to the HST, which made this transition by real property contractors moot.

When the provincial government transitioned back to the PST, they reverted back to the October 2008 method for real property contractors to pay PST on materials. But not all contractors began to pay the PST on materials they used to complete their projects. Instead, some contractors continued to use their PST exemption number when they purchased materials and then charged the customer the PST back on their invoice. These contractors would then remit the PST they collected from the customer to the provincial treasury.

Since real property contractors aren't allowed to collect the PST from customers under current legislation, any customer charged PST by the contractor had to be refunded that amount. At the same time, those contractors who used their exemption on materials still owed the provincial government for the PST on said materials, even though the provincial government already received the PST that the contractor collected from the customers.

The potential scope of this issue is massive. New home construction has materials making up \$175,000 of the cost for a home. With 30,000 new homes per year, that is \$5.25 billion worth of materials. That means contractors are responsible for paying and/or collecting potential PST up to \$350 million. For renovations, materials make up \$2 billion meaning contractor pay and/or collect potential \$140 million. For contractors, an honest mistake, whether working on large contracts or multiple projects, could meaning owing tens of thousands of dollars or more. As a small business operator, with smaller operating margins, this amount is a significant hit on the bottom line for any small business owner.

These real property contractors thought they were doing the right things when they collected the PST from customers. Under current legislation, this turns out not to be the case, but an honest mistake none the less that is impacting the viability of a number of small businesses.

This issue does raise the question as to what is the best, most efficient way for real property contractors to collect and remit PST. The Chamber has been consistent in its view, that the introduction of a value added tax would solve many of these problems, but with the re-introduction of the PST it is vital that the provincial government work with real property contractors to find the right balance that works for them to collect the PST and remit it to the government.

2019 update - While many audited and impacted contractors have recovered much of the audit penalties, they are still out of pocket for perceived fines, penalties, and interest. This auditing practice still exists without consideration of the discussion in this policy. There are now 2 key emerging issues. One is to recover full payment back to the contractors who have been audited, because the provincial governments admits to receiving all taxes due, and the second is to amend the tax legislation to prevent further audits and issues to contractors on this subject.

THE CHAMBER RECOMMENDS

That the Provincial Government: (2019 revision)

1. Review all impacted, audited contractors to reimburse, in full, all fines, penalties, and audited assessments with a signed provision for technical reimbursement if required.
2. Remove the existing legislation relating to real property contractors in the PST act. Therefore contractors will purchase goods with a PST exemption number and charge customers PST on the retail amount of the product.
3. Introduce new legislation into the PST Act that states the PST is to be prepaid, without the use of the PST number, in all **new** building construction and Municipal, Provincial, or Federal projects only.

Federal Policies

THE BELT AND ROAD INITIATIVE- OPPORTUNITIES AND CHALLENGES

Background

The Belt and Road Initiative (BRI), was first proposed by President Xi Jinping of China in 2013. This is a development strategy proposed by China in order to strengthen infrastructure, trade and investment links between China and 65 other countries (Xiamen, 2018). This strategy was first introduced in Kazakhstan in September 2013 and a month later in Indonesia. During the first speech the China's President announced that China was willing to create a "Silk Road Economic Belt" stretching from China to Europe. In the second, he announced the China's intentions for launching the 21st century Maritime Silk Road. This initiative was based on the ancient significance of the Historical Silk Road. The BRI could transform the economic environment in which the economies operate by substantially reducing the trade costs and improving connectivity, thereby leading to high cross- border trade and investment with improved growth of the regions (Government of Canada, 2018). The BRI involves six major initiatives: New Eurasian Land Brid, China- Mongolia- Russia Corridor, China- Central Asia- West Asia Corridor, China- Pakistan Economic Corridor, Bangladesh- China-India- Myanmar Corridor and China- Indochina Peninsula Corridor (Fleet, 2018).

In order to start this initiative Chinese government has established an Asian Development Bank, a multilateral organization estimated that the successful implementation of the BRI requires a capital investment of \$26trn in infrastructure development between 2017-2030. However, taking into consideration the amount of investment needed, IMF has raised concerns regarding the indebtedness as this money being lended is based on commercial rate of interest. As, a result many Chinese funded projects were either curtailed or suspended because of high payments. The Belt and Road Initiative aims at increasing the transparency, ability to access schemes and achieve high standards and formal contracts (Xiamen, 2018). Through BRI, China intends to achieve dual objective of enhancing its own economic power by opening new markets for its state-owned enterprises and broadening their footprints across the globe while getting rid of excess industrial capacity (in steel, cement and glass) and secondly, to reduce its strategic vulnerabilities like political and social unrest (Government of Canada, 2018). BRI could also be considered as a geopolitical move that allows China to encircle India, providing access to critical energy resources in Central Asia and finally allowing China to influence Eurasia (Fleet, 2018).

Opportunities for Canada

The Belt and Road Initiative is an opportunity that would enable Canada to enhance its engagements economically, politically and socially in Asia (Fleet, 2018). Some of the opportunities are (Fleet, 2018):

- “Using Chinese distribution network to spread Canadian Products through Chinese hubs.
- Explore opportunities in Northwestern part of China where Canadian products still have large room to grow from agriculture technologies to clean energy.
- It might help decrease the fees related to exporting [Canadian] products.
- Cross-border investment work between China and other [BRI] countries.
- Infrastructure
- Technology
- Services
- [Canada is] a provider of minerals and products that will be essential to construct the One Belt One Road infrastructure.
- More business activities in [British Columbia] with China, as Pacific Gateway of China to North and South Americas.
- Satellite communications networks are key infrastructural elements of their build out.
- Providing specialised technologies and services for infrastructure development.
- Environment protection around the Silk Road area.”

The above mentioned opportunities would enable Canada to formulate effective policies in order to nurture its small and medium sized enterprises (SME’s) while opening doors for many Canadian businesses as well. The recent unrest going on between Canada and the United States the BRI could also be envisioned as an initiative towards enhancing free trade agreement talks with China and India and also, further develop relations with ASEAN member states.

Risks and Challenges of the BRI

The various risks and challenges associated with BRI are related to its impact on global supply chains and energy flows, financial repercussions and debt burden on weaker countries that might not be able to repay Chinese loans, and what forms of compensations would China seek in exchange for its capital. Canada’s SME’s might face challenges associated with the lengthy and complicated process for obtaining certifications, local content requirement and China’s customs procedures, disputes related to China- Pakistan Economic Corridor could raise some resentment and conflict amongst other nations, concerns could also arise regarding the adherence to sufficient environmental and social standards (Fleet, 2018).

Conclusion

The potential benefits as identified, require further analysis at a macroeconomic level in order to understand how BRI could actually benefit Canadian SME’s, how the projects currently mapped under BRI umbrella will be adjudicated successfully. This would also require further analysis as to how the Canadian businesses could be encouraged to reap the benefits of comparative advantage in the areas of transportation services and its engineering skills in BRI projects. BRI is a great initiative, but Canada would need to be more diligent in order to

understand if this would be the right direction and benefit not only economically and politically but also address challenges associated in regards to doing business with Chinese firms (Fleet, 2018).

THE CHAMBER RECOMMENDS:

1. That all levels of government work with identified stakeholders to create a working group designated to monitor and advise on the impact and opportunities of the Belt and Road Initiative for the benefit of all Canadian business.
2. This working group works to align the existing programs and policies to maximize potential and mitigate risks to Canadian businesses from the BRI. ~~trade commissioner programs that support Canadian export and import development.~~

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Expiring Policies

CHANGING BC'S SALES TAX MODEL- MOVING BEYOND THE PST

(2013- RENEWED 2016)

Opening Statement

BC's tax competitiveness has been seriously undermined by the public's rejection of the Harmonized Sales Tax (HST). This has been compounded by the fact that the HST has been replaced with essentially an unchanged Provincial Sales Tax (PST). As a small, open trading jurisdiction this cannot be left unaddressed if BC wishes to remain competitive as a jurisdiction.

Background

The move to a HST was greeted with wide support from the business community and virtually unanimous support from academics. This support was based on a recognition that the HST would result in increased competitiveness; increased productivity; harmonisation with most of the Canadian and global economy; stable government revenue and a reduction in paperwork for business.

Of these positive aspects of the HST the two that are most important to our ongoing economic prosperity are competitiveness and productivity.

The Competitiveness Challenge

Since 2001 the Provincial Government have undertaken a sustained program of tax reductions for both individuals and business.

Table 1 - Interprovincial Comparisons of Business Tax Rates

	B.C.	AB	Sask	Man	Ont	Queb	New Brunswick	Nova Scotia	PEI	Nfl
General Rate	10 ^a	10	12	12	11.5	11.9	10	16	16	14
Manufacturing	10	10	10	12	10	11.9	10	16	16	14
Small Business	2.5	3	2	0	4.5	8	4.5	4	1	4
SmallBus. Threshold (000s)	500	500	500	400	500	500	500	400	500	500
Corp. Capital										
- Financial	Nil	Nil	.7/3.25	3	Nil	.25	3	4	5	4
Sales tax ^b	7	Nil	5	7	8	9.5	8	10	10	8

a BC's Corporate tax was 10% prior to the 2013 Provincial Election. Depending on which party forms government this rate will increase to 11% under the BC Liberals and 12% under the BC NDP.

b ON April 1, 2013 BC joined Saskatchewan and Manitoba as the only provinces who levy sales tax on business that is not offset by tax credits

As shown in table 1 BC is now highly competitive in a Canadian context across a range of key business tax rates. It must be noted however that these rates are focused on established businesses generating revenue or making sales (with the exception of sales tax which in BC, Manitoba and Saskatchewan is paid on business inputs). BC's economic future will depend upon our ability to attract investment and new economic activity. If investment and new economic activity are the goal BC's tax picture looks very different. To review BC's tax picture as it relates to new investment it is necessary to review BC's Marginal Effective Tax Rate (METR)¹.

	2012	2014
BC	17.4	27.7
Canada	16.8	19.9
Alberta	16.5	17.9
Ontario	17.6	19.8
Quebec	14.5	16.9
Saskatchewan	24.0	25.2
Manitoba	26.0	27.1
Nfld	9.6	11.2
Nova Scotia	5.2	7.7
New Brunswick	1.5	4.6
PEI	27.7	10.8

As we can see from table 2, in 2012 under the HST BC was placed as the 6th most competitive jurisdiction in Canada and well placed against our western neighbours and in relation to Ontario and Canada – in short against our competing jurisdictions. By contrast in 2014 we see BC move to be the bottom of the Canadian ranking, this shift can be traced to the fact that the “*provincial*

1 METR is a measure used to compare the total tax burden on new investment by industry, type of investment, and size of firm. To do this METR includes the effect of corporate tax rates, sales tax on business inputs, investment tax credits and other incentives, capital cost allowances, capital taxes and the ability to deduct interest costs.

2 2012 Annual Global Tax Competitiveness Ranking, Duanjie Chen and Jack Mintz, pages 15 & 16.
<http://www.policyschool.ucalgary.ca/sites/default/files/research/tax-competitiveness-2012.pdf>

sales tax effectively raised METRs by over 9, 10 and 14 percentage points, respectively, for Saskatchewan, British Columbia and Manitoba³.”

It must be noted, the METR calculations do not capture the full impact of the PST on BC competitiveness. They take into account only the PST on capital investment. The PST also applies to non-capital inputs that are used in business operations. In fact, the PST paid on non-capital inputs is four to five times the amount levied on capital inputs.

The other aspect of competitiveness is in regards to BC’s critical export industries. As a jurisdiction BC has a smaller export base than most other provinces, as such it is critical that attention is paid to any tax changes that will negatively impact BC’s exporters ability to compete in other markets. The PST is a significant impediment in this regard.

As a small, open trading jurisdiction BC exporters compete with producers from across the globe, the majority of who do not have a sales tax structure that embeds costs at every stage of production as does the PST. Indeed, if we look at jurisdictions that levy a PST system we see that BC stands relatively alone as one of only 3 jurisdictions in Canada, and the exception to the more than 130 countries worldwide, that do not have a value-added sales tax in place. As such these producers have a significant competitive advantage over BC producers who struggle to remain competitive when building these costs into their price (HST also made BC producers more competitive against foreign competition when selling in domestic market for the same reason).

This is also an issue for BC’s resource industries, the foundation of economy prosperity for communities across the province. Commodity based exporters are price-takers in the global context. PST represents a significant cost for the extraction and production of resources and reduces profits and therefore the ability of these companies to invest in innovation and job creation.

The Productivity Imperative

The single biggest determinant of our per capita income and our ability to raise wages and living standards is our productivity – in short how efficient we are as an economy. Countries that are innovative and able to adapt to shifts in the global economy will see high productivity and thus a superior standard of living.

In this regard Canada and BC have not fared well against competing jurisdictions. Between 1997 and 2011 the output of BC’s business sector was on average only 92% of Canada’s.⁴ From 1981 to 2007 non-residential business investment in BC was 74.4% of the Canadian average. In the same period the capital employed per worker fell from 113.5% to 88.9% of the Canadian average. It is not surprising that during the same period BC’s share of Canadian GDP fell from 13.1% to 12.4%.⁵

3 *ibid*, page 16

4 Stats Canada table 383-0011

5 Investment in BC: Current Realities and the Way Forwards, Centre for the Study of Living Standards

While there are a variety of factors that contribute to enhancing productivity it is recognised that improvements will require investment in equipment and technology, particularly investments in information and computer technology.

While BC's productivity performance is reason enough to look to government to find ways to boost investment in technology and equipment the Chamber believes the coming demographic shift must make this the highest of priorities for government.

We already know that the baby boomer generation is on the verge of retiring. While work continues to encourage older workers to remain in the workforce we can anticipate that through to 2019 we will see 676,000 workers leave the workforce through retirement. During that time BC can expect to create 450,000 new job openings through economic growth while graduating only 650,000 students through the K12 system⁶. That represents a shortfall of over 450,000 positions with no workers to fill them.

To ensure this challenge does not profoundly damage the BC economy we must ensure that we improve significantly on our productivity levels.

The Importance to Small Business

While many of the arguments in favour of the HST focus on its broad provincial impact it is worth noting that this is an issue of particular importance for small business given BC's reliance on small and medium sized businesses for our economic prosperity.

Further to this BC's small business sector is critical to wealth generation and our capacity to grow and innovate. Responsible for employing over one million British Columbians small business is responsible for 57% of all private sector employment in the province, an increase of 2.6 per cent over 2006⁷.

While the concentration of small businesses largely reflects the economy at large with a significant focus on service sector industries small businesses are significant economic generators. Small businesses were responsible for shipping approximately \$16.9 billion worth of merchandise to international destinations in 2010, comprising almost 55 per cent of the total value of goods exported from the province.

In addition small businesses drive BC's innovation industries with 8,462 small businesses in British Columbia's high tech sector in 2011, which represents about 97 per cent of all high technology businesses⁸.

This placed small business as one of the key beneficiaries of the HST and will see them significantly impacted by the return to the PST. In fact one of BC's largest productivity challenges is the difficulty small businesses face in accessing capital to invest in innovation or productivity

⁶ <http://www.workbc.ca/Statistics/BC-Economy/Pages/BC-Economy.aspx>

⁷ 2012 Small Business Profile, BC Stats

⁸ ibid

enhancements. As such the return to the PST will have a disproportionate impact on these small businesses compared to larger firms in terms of addressing productivity.

The Solution

The competitive and productivity issues that we have outlined above were an issue before the introduction of the HST. Indeed, the HST was supported by so many business organizations specifically because of its ability to address many of these issues.

Despite the obvious benefits of a HST the Chamber recognises that the public has spoken through the referendum: there is no appetite either publicly or politically for a harmonised sales tax.

However, reform is needed. As we have demonstrated the return to the PST will have a significant impact on BC's competitiveness and productivity. The Chamber realises that following the HST and the referendum there is little appetite of significant reform to our sales tax system and little appetite for a redistribution of the current tax which reduces the fiscal flexibility open to government.

The Chamber believes that the most damaging aspect of the return to the PST and the aspect that therefore requires the most immediate attention is that the PST will be levied on investment in machinery and equipment. This is not to suggest that the PST will see an increase in cost on all machinery and equipment. The PST already exempts certain machinery and processing equipment used in manufacturing and agriculture. Reform needs to widen these scope of sectors that can access these savings to reduce complexity but also to reduce BC's METR. Indeed, the Expert Panel on Tax estimates that offering an Input Tax Credit on the acquisition of machinery and equipment would cut BC's METR to 19%, significantly improving BC position in the Canadian context⁹

The Chamber recognises that this is not a measure that can be introduced immediately. The Expert panel on Tax estimates that this measure alone would result in a reduction in revenue to government in the order of \$489 million in 2014/15 rising to \$511 million in 2015/16 and to \$534 million in 2016/17¹⁰

Long term – over the long term government must engage in a meaningful consultation with British Columbians on our competitiveness and productivity and the role taxation plays, a key component of this dialogue must be the role taxation plays in enhancing our competitiveness and productivity.

While the return to the PST represents the largest tax increase on business in BC's history representing an increase in cost of \$1.5 billion BC business are facing rising costs on a number of additional fronts. Business is also facing higher Employment Insurance and WorkSafeBC premiums, a carbon tax that is the highest in North America, escalating electricity rates, substantial increases in the minimum wage, and uncompetitive municipal property taxes. This

⁹ Expert Panel on Tax Report, Table 7

¹⁰ The Panel does estimates that this would be offset by higher economic growth that would increase revenue by \$12, \$50 and \$115 million in the period 2014-2017

direct hit on companies' revenue is amplified by the ongoing permitting issues that continue to impede investment in our critical resource sector and the ongoing regulatory impediments facing business at every level.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. provide a fully refundable investment tax credit claimed on businesses' income tax returns equal to the PST paid on all acquisitions of machinery and equipment (including computers and software) but excluding buildings and structures with a capital cost allowance rate of 5 per cent or less;
2. continue to work with the chamber of commerce and others to find ways to reduce the administrative burden of the PST; and
3. commit to a dialogue with British Columbians on the development of a made-in-BC Value Added Sales Tax system to enhance BC's competitiveness and productivity.

Submitted by the Policy Development Committee

MELT – MANDATORY ENTRY LEVEL TRAINING FOR COMMERCIAL TRUCK DRIVERS

Opening Statement

There has never been a better opportunity to help the trucking industry obtain the skilled professional truck drivers it needs, and improve public safety at the same time. By 2020, the Conference Board of Canada expects the industry will need between 25,000-33,000 new truck drivers. Some of that demand will come from an expanding industry, while some will be needed to replace a retiring workforce.

The end result will be that within a few years, there will be a huge turnover in the men and women who currently sit behind the wheel of the big rigs that roll along on our highways. According to the Business Expectations Survey by Transport Capital Partners (TCP) in 2011, 70 percent of Canadian carriers experienced “unseated trucks.”

At the moment, there is no mandatory training curriculum for truckers. The B.C. Superintendent of Motor Vehicles requires only a pass on a written examination and a 2-hour road test combined with a 16 hour ICBC-approved course on airbrake testing. There are cases in Canada where people have applied for and obtained a commercial vehicle driver’s license in as little as three days.

Currently only Ontario has a required MELT program in place. Alberta and Saskatchewan are introducing their own program in the Spring of 2019. There is no National program in place, although there is a recommendation that one be in place by 2020.

Background

Trucks haul 90 percent of all consumer goods and food stuffs across Canada. They also handle 70 percent of our trade with the United States. According to the most recent data, trucking in Canada is a \$65 billion industry that employs over 260,000 drivers and somewhere in the order of 400,000 employees including dispatchers, office staff and managers. The industry consists of a few large companies and thousands of small and medium-sized businesses and independent owner-operators.

Trucking industry experts describe the current B.C. commercial vehicle driver test as minimal. It consists of demonstrating the ability to perform a short list of basic skills, such as shifting gears, safely merging onto highways, unhitching a trailer, backing up, parking and so on. “The road exam does not require the truck to even be fully loaded, and often times they are not required to even back up the vehicle,” says the British Columbia Trucking Association, whose organization is lobbying for better trained drivers.

Only a fraction of new commercial vehicle drivers has attended one of the dozens of truck driver training schools in the province for preliminary instruction. A student’s financial

constraints often dictate what the schools are able to teach, in some cases teaching only to the level needed to pass the written and road tests, denying the further required additional driver training.

Driving schools in most provinces are currently free to create their own curriculums which only need to meet minimal provincial standards. An example is: Thompson Rivers University/Columbia Transport training offers:

Air Brake Course, Class 1 Greenhorn Truck Driver, Class 1 Long/Short Haul, Class 1 Extended, Class 1 Regular Driver Training, Class 1 Mountain/Highway, B-Train Driver, Class 1, 2 and 3 Upgrading, Class 2 Bus Driver, Class 3 Driver Training, Super B-Train Upgrade, 5th Wheel RV Trailers and Heavy Trailer Endorsement

The reality is, even with these courses offered the student only has to pass the ICBC Class 1 licence road test exam. This only requires the applicant to demonstrate the following commercial driving skills:

Start and stop, shift gears, turn, steer, back up and park, merge with highway traffic and exit from highways, and drive in traffic.

Class 1 only: You'll also need to couple and uncouple a tractor unit from a trailer.

Driver Training is also complicated by different regulations in each jurisdiction within Canada and the United States

Admittedly the industry has done a poor job recruiting new and/or young drivers. There are certain changes that can help, such as:

- Working with young people in high school to introduce them to professional truck driving at a much earlier age and providing them with opportunities to train for a professional driving career; and

Changing the National Occupational Standard (NOS) for the occupation of truck drivers to give individuals the opportunity to qualify for funding and grants to support their training

Conclusion

(Jan. 21, 2019) – Declaring the government was “motivated by the need for highway safety” in the wake of the Humboldt Broncos bus tragedy, Transport Minister Marc Garneau and his provincial counterparts announced the creation of a national mandatory entry level training (MELT) standard for all new commercial truck drivers by Jan. 1, 2020; harmonized technical standards for electronic logging devices (ELDs); as well as enhanced road safety for impaired and distracted driving.

The announcement was made today following meetings between Transport Canada and the Council of Ministers Responsible for Transportation and Highway Safety. CTA and its provincial association partners created the CTA 10-Point Action plan in 2018 – a national vision for truck safety in Canada – which served as the roadmap for Transport Minister Garneau and the

provincial transportation ministers for improving the on-road safety performance of commercial vehicles across Canada.

Developing an education system which produces competent, employable, commercial vehicle drivers begins with a solid base of fundamental training through the development of a “reasonable minimum curriculum” which is delivered to students to the same standard both provincially and nationally.

THE CHAMBER RECOMMENDS

That Provincial Government

1. Create and Implement a MELT program to National Standards by Jan 1, 2020 and ensure the training program is based on the National Occupation Standard
2. Require mandatory graduation from an accredited commercial driving program in order to qualify to take the ICBC exam for the professional driver license;
3. Amend the graduated license program to allow graduates of the accredited commercial driving program to obtain their Class Licence 1 or 3 upon graduation (as early as age 18)

PERMANENT DAYLIGHT SAVINGS TIME (DST) FOR BRITISH COLUMBIA

Opening Statement

Twice a year, in B.C. and in most parts of Canada, Canadians join with approximately 76 other countries around the world and practice Daylight Saving Time (DST). Since 2007, the clocks have moved forward on the second Sunday in March and then moved back on first Sunday of November.

In 2007, the B.C. government received 4,300 submissions from businesses, individuals and organizations and conducted a 4-week public consultation on expanding DST by an extra 3 weeks every year in order to align with the U.S. and other jurisdictions. The final tally showed that 92 percent of respondents favoured DST and the extra hour of daylight during the evening hours.

Currently, 78% of the world does not change time. In North America, only Saskatchewan, northeast B.C. and Arizona don't change time. Neither do other areas and countries, such as Hawaii, Puerto Rico, China, Japan, Russia, South Korea, India and most of Australia, South America and Africa.

In November 2015, a petition was launched to Stop the Time Change in B.C. Within the 4 months during Standard time (Nov – March), the petition has obtained almost 25,000 signatures, raised awareness across Canada and definitely started the conversation. There was a meeting held in November 2015 with provincial Ministers Terry Lake and Todd Stone to discuss the petition and start the conversation within the B.C. Legislature.

In 2018 and 2019, California, Washington State and Florida have overwhelmingly passed state legislature bills to remain on permanent Daylight Savings Time (DST). Oregon current has a bill introduced, but not yet voted on. In the United States changing the time requires federal approval. The states are now waiting for the federal approval to happen.

These states would join Arizona, Hawaii, Saskatchewan and parts of British Columbia as jurisdictions that do not change time.

Background

The primary goal of Daylight Saving Time is to conserve energy, but whether DST actually saves energy is unclear and there are many contradictory studies. There are, however, even more studies that tell us that the change itself can cause accidents, injuries and even deaths. Many of these issues are related to sleep pattern change that the biennial shift mandates.

There is a growing collection of evidence to show that the biennial time change has plenty of unintended consequences, examples such as these can directly affect the operation of business.

Workplace accidents

Workplace accidents may be another side effect of sleep loss from the one-hour time change. They increase in frequency that Monday. "Perhaps even scarier, is the spike in injury severity," said Christopher Barnes, an assistant professor at the U.S. Military Academy at West Point. "Instead of bruising a hand, maybe you crush a hand." A study Barnes led in 2009, and reported in the *Journal of Applied Psychology*, looked at the severity of workplace accidents in miners on the Monday following the time change. The researchers found a 5.7 percent increase in injuries and a 67.6 percent increase in work days lost to injuries. Barnes said the results were likely to be similar in other workplaces with similar hazards. Sleep loss determines the difference between the relatively common near-miss that happens in mining, and a true accident, said Barnes. "We're closer to disaster than we realize," he said. "The margin for error is not very big." "If I were in that environment, one thing I would try to do is schedule you're most dangerous tasks for other days."

Sleep loss

Alterations to sleeping patterns can mean employees have to make substantial changes to their routines, and some studies have shown that absenteeism goes up in the first few weeks of the introduction of Daylight Saving Time.

In a culture where we are constantly being told we need more sleep, the start of DST piles another hour per person onto the national sleep debt. "We're already a highly sleep-deprived society," said Russell Rosenberg, Vice-chair of the National Sleep Foundation. "We can ill afford to lose one more hour of sleep. Additionally, the shift in the period of daylight can present a challenge in catching up on sleep. "It does take a little extra time to adjust to this time change, because you don't have the morning light telling your brain it's time to wake up," he said

Heart attacks

As our workforce is continuing to age, the connection between sleep and heart attacks gained attention following a 2008 Swedish study that showed an increase of about 5 percent in heart attacks on the three weekdays following the spring time shift. "Sleep and disruption of chronobiological rhythms might be behind the observation." Heart attacks have been found to be highest on Mondays after the time change, so a shift in sleeping patterns may explain that as well as Dr. Imre Janszky told *My Health News Daily*. According to a 2012 study at the University of Alabama Birmingham, the Monday and Tuesday after daylight saving time in the spring have also been associated with a 10% increase in heart attacks. The study found a corresponding 10 per cent decrease in heart attack risk over the 48 hours after people "fall back" and gain an extra sleeping hour in the fall.

Traffic accidents

An increase in traffic accidents is perhaps the best studied health consequence of the time shift. Sleep loss puts people at much higher risk for motor vehicle accidents," Rosenberg said. A 1996

study published in the New England Journal of Medicine showed an 8 percent increase in motor vehicle accidents on the Monday following the time change. A 2001 study from Johns Hopkins and Stanford universities also showed an increase on the Monday following the change. At least one U.S. agency has taken the point to heart. Last November, as the clock shifted back to daylight standard time, the National Highway Traffic Safety Administration warned drivers that, with nightfall occurring earlier in the evening, "adjusting to the new, low-light environment can take time, and that driving while distracted puts everyone — and especially pedestrians — at greater risk of death or injury."

Tourism Boost - many tourism and outdoor activity businesses believe that daylight saving time could provide a financial boost for the tourism industry. Shifting that extra hour to the end of the day could boost outdoor activities and bring in an extra two (2) percent in revenue from visitors, according to timeanddate.com

Conclusion

Moving clocks forward and backward every year in an increasingly complex digital world is not without consequences either. Air traffic schedules, train schedules, public transport schedules all must be changed biennially. It complicates timekeeping, disrupts meetings and even livestock have been shown to have trouble adjusting to new routines.

Moving the hours around twice a year is a complex matter. Although it was originally brought forward by Benjamin Franklin as a way to conserve energy, and that remains its primary purpose to this day, there is in fact no consistent evidence to show it is helping us. There is on the other hand, plenty of evidence to show that constantly shifting back and forth does harm.

With the recent bills being passed in California and Washington state, Premier Horgan has now reached out to these states for more information and has stated that all the pacific will benefit from remaining on the same time, and he is open to the idea of stopping the time change if the west coast states do the same.

It is for that reason that the Chamber of Commerce advocates a no-time-shift policy and remains on Daylight Savings Time for the calendar year

THE CHAMBER RECOMMENDS

The Provincial Government

Collaborate with Washington State, Oregon and California to have the Pacific Time Zone in Canada and U.S.A to remain on a single time zone, with a preference to maintain on DST throughout the year.

SUPPORTING BC'S LAND BASED WINERIES, CIDERIES & DISTILLERIES (2016)

Background

Agri-tourism offers farmers tremendous opportunity to add value to their operations, enhance local economies and educate visitors. Wine-based¹¹ agri-tourism supports a visitor economy in wine growing regions. Wineries are a catalyst for tourism in many regions. A 2011 report on the economic impact of the wine and grape industry in Canada estimated that there were 800,000 wine-related tourists having a total impact of wine-related tourism of \$476,428,000 in British Columbia¹². Estimates suggest that for every bottle of wine produced in the Province, there is \$42 of economic impact generated¹³. A 2008 report estimates that the Liquor Distribution Branch (LDB) generates *over \$800 million annually which goes into general revenue of BC government revenues*¹⁴ (see Appendix A). Farm-based wineries attract visitors from all around the world to the region to sample the wine, taste local foods, see local sites and stay in local accommodation. A strong, well-known cluster of wine producers entices visitors and attracts export dollars into their communities and regions and contributes to BC's \$13 billion+ tourism economy¹⁵. A healthy tourism and hospitality industry contributes provincial and local taxes, creates jobs, enhances civic pride and provides visitors and residents with leisure activities.

The Tourism sector is fiercely competitive - tourists have many global destinations to choose from. The success of a wine-based agri-tourism sector depends on farmers growing the finest quality grapes, wineries practicing advanced, high quality wine-making processes PLUS providing unique, memorable and remarkable visitor experiences. BC's wine growing regions need government to support the success of BC's wine-based agri-tourism sector while minimizing the hurdles and obstacles they face.

One such obstacle is the high property tax classification for land-based¹⁶ wineries. BC's Liquor Control and Licensing Branch categories all wineries in BC as either 'Land Based' (LB) or 'Commercial' Wineries. LB Wineries must: produce wine made from 100% BC grown grapes; have at least 2 acres of vineyards at the licensed winery site and use those to produce wine; make wine with at least 25% of the grapes used to make wine coming from land owned or leased by the LB winery; not use wine or juice from Commercial wineries; use 'traditional' wine-making techniques; and be independent wineries (i.e., no common ownership with a Commercial winery).

11 The term 'wineries' here is meant to include cideries and distilleries)

12 See

<http://www.winebc.org/files/Information/Miscellaneous%20BCWI%20Reports/Canada2011WineIndustryEconomicImpactReportFINAL3-20-13.pdf>

13 See: <http://www.winebc.org/news/view/68>

14 See [WineLaw.ca](http://www.WineLaw.ca)

15 See <http://www.tiabc.ca/about-tiabc>

16 See http://www.winelaw.ca/cms/index.php?option=com_content&view=article&id=165:licensing-a-winery-in-bc&catid=27:winery-licensing&Itemid=27

Grape growers producing wine on their property face much higher property tax rates (almost six times) than other types of agriculture producers (e.g., dairy, fruit, fish). This is because the BC Assessment Authority classifies wineries/cideries as ‘Light Industry’ (Class 5) rather than a ‘Farm’ (Class 9). (See BCAA Property Classes info [here](#) and Appendix B – Taxation Rates). However, a review of BC’s farm related terms clearly identifies viticulture as a farming activity. (See Appendix C - Definitions) As example, a small emerging LB winery (that used to grow and process a different product) now faces an additional \$4000 annual tax increase as a result of reclassification of their farm buildings to ‘light industry’. The property tax of another larger LB winery went from \$1,200 - \$26,000/yr.

LB Wineries, offering visitor experiences (e.g., wine tastings, tours) need every dollar to invest in their agri tourism business in order to create high quality, unique, memorable visitor experiences. They use these dollars to improve viticultural practices, develop better quality wines, hire, train and develop staff, invest in tourism infrastructure; and market their product. If adopted, the recommended development of a BC appellation system that supports Land Based wineries using only grapes grown in designated viticultural areas in BC17 are likely to produce even more unique wine tourist experiences. BC’s wine tourism regions can only benefit from the production of excellent wine products and tourism experiences.

What are other Canadian wine destinations doing?

A comparative scan of other grape growing Canadian provinces reveals that most do not target farmers growing grapes and producing wine with higher taxes. Ontario (most comparative to BC in terms of quality and size of grape production¹⁸) really supports their wine industry. The Ontario Ministry of Agriculture, Food and Rural Affairs announced a \$75 million commitment over five years to support implementation of the [Ontario Wine and Grape Strategy](#)¹⁹. Ontario’s intention is to support *growth in the wine and grape sector* by building *tourism in the province’s wine regions* through provision of incentives that encourage *wineries to increase investment in productivity, innovation, tourism and export development*.

Conclusion

BC wineries offering visitor experiences are the foundation of a strong agri-tourism sector in many of BC’s regional destinations (Okanagan, Islands, Lower Mainland, Thompson). The substantial economic spin-off from these wineries to local regional economies is significant²⁰. BC’s governments need to reduce barriers in order to grow and develop LB wineries so that BC remains competitive with other wine producing regions in Canada and elsewhere. Government should support the winery based agri-tourism sector by recognizing how globally competitive

17 See <http://goo.gl/aPJ6qh>

18 See

<file:///C:/Users/Sydney/Documents/1%20PPA/KCoC/Policy%20Committee/Winery%20Policy/Canada2011WineIndustryEconomicImpactReportFINAL3-20-13.pdf>, p 18

19 See <http://www.omafra.gov.on.ca/english/about/wine-grape-strat.htm>

20 The tourism multiplier effect is successive and magnified particularly when compared to other economic sectors. The impact of tourists direct spending on a wide range of products and services in the region, generates indirect spending and finally induced spending.

the winery-based agri-tourism sector is and by encouraging the development of wineries. The economy of the wine region, the health of the region’s hospitality providers and the local population will all benefit as a result.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. identify the best way(s) to support expansion and development of BC’s Land Based wineries engaged in agri-tourism by providing recognizable and measurable tax relief that offsets the light industrial assessment applied to buildings on agricultural properties only when the activity is related to alcohol production. The provincial tax credit (relief) should offset the higher property taxes for LB wineries/cideries/distilleries offering unique, authentic experiences to visitors in BC; and
2. undertake a planning process to encourage expansion and development of the wine, cideries and distilleries agri-tourism sector in BC. An ensuing plan or strategy needs to work in concert with BC’s Agri-tourism policies and regulations²¹.

Supporting Organizations

- BC Wine Institute
- Duncan Cowichan Chamber of Commerce
- Greater Vernon Chamber of Commerce
- Greater Westside Board of Trade
- Kamloops Chamber of Commerce
- Langley Chamber of Commerce
- Nakusp & District Chamber of Commerce
- Penticton & Wine Country Chamber of Commerce
- South Okanagan Chamber of Commerce
- Tourism Industry Association of BC

Appendix A – BC government tax revenue through LDB

The estimated wholesale price of a \$20 bottle of Canadian wine purchased at a BC Liquor store is \$7.20. The difference is explained here.

➤ Government Taxes	\$3.04 (\$1.34 GST + \$1.70 PST)
➤ LDB Markup	\$9.10
➤ LDB Fees	\$0.60

²¹ See http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/agricultural-land-and-environment/strengthening-farming/local-government-bylaw-standards/2015_09_14_agri-tourism_discussion_paper.pdf

The wholesale cost of \$7.20 includes winery costs, wholesale markup and freight.

Appendix B - Taxation Rates

Local Government Tax Rate and Assessments 2015 (more stats [here](#))

Municipalities	Type RD	Purpose of Tax Rate	Residential	Utilities	Supportive Housing	Major Industry ¹	Light Industry	Business	Managed Forest Land	Recreation Non-Profit	Farm ¹
Kamloops	C TNR	Municipal	5.3900	40.0000	5.3900	78.7000	21.0000	14.0500	16.1700	13.2000	13.2100
Kamloops	C TNR	Reg'l District	0.3687	1.2905	0.3687	1.2536	1.2536	0.9033	1.1061	0.3687	0.3687
Kamloops	C TNR	Hospital	0.4704	1.6464	0.4704	1.5994	1.5994	1.1525	1.4112	0.4704	0.4704
Kamloops	C TNR	School	2.3981	13.6000	0.1000	5.8000	5.8000	5.8000	2.2000	3.3000	6.9000
Kamloops	C TNR	Other	0.0598	0.5037	0.0002	0.5037	0.1686	0.1684	0.3386	0.0598	0.0598
Kamloops	C TNR	Total	8.6870	57.0406	6.3293	87.8567	29.8216	22.0742	21.2259	17.3989	21.0089

- Which properties fall within Class 5 Light Industry?

Property used or held for extracting, manufacturing or transporting products, including ancillary storage, fall into Class 5. Examples of properties in Class 5 include: scrap metal yards, wineries and boat-building operations. Exceptions include properties used for the production or storage of food and non-alcoholic beverages, which fall into Class 6.

- What land is eligible for Class 9 (Farm)

The Classification of Land as a Farm Regulation, B.C. Reg. 411/95, made under the Assessment Act, provides that, upon application, the following land may qualify for farm class:

a) land used for a qualifying agricultural use;

b) land used for purposes that contribute to a qualifying agricultural use (e.g., irrigation, access to farm outbuildings, shelter belts);

c) land used for a farmer's dwelling;

d) land in an agricultural land reserve (ALR) that is used for a retired farmer's dwelling;

e) land used for the training and boarding of horses when operated in conjunction with horse rearing; and

f) in some cases, vacant land associated with a farm.

Other requirements will also apply.

All farm structures used in connection with the farm operation, including the farmer's dwelling, will be classified as Class 1 - residential.

Appendix C - Definitions

- BC Ministry of Agriculture Guide for Bylaw Development in Farming Areas
 - **Farm Building** means any building which is used in a farm operation.

- **Farm Business** means a business in which one or more farm operations are conducted, and includes a farm education or farm research institution to the extent that the institution conducts one or more farm operations.
- **Farm Class** means a designation given to a lot or part of a lot that is classified as a “farm” under the BCAA.
- Agriculture Land Commission Act
 - **“farm use”** means an occupation or use of land for farm purposes, including farming of land, plants and animals and any other similar activity designated as farm use by regulation, and includes a farm operation as defined in the Farm Practices Protection (Right to Farm) Act;
- Farm Practices Protection (Right to Farm) Act
 - **“farm business”** means a business in which one or more farm operations are conducted, and includes a farm education or farm research institution to the extent that the institution conducts one or more farm operations;
 - **“farm operation”** means any of the following activities involved in carrying on a farm business:
 - (a) growing, producing, raising or keeping animals or plants, including mushrooms, or the primary products of those plants or animals;
 - (b) clearing, draining, irrigating or cultivating land;
 - (c) using farm machinery, equipment, devices, materials and structures;
 - (d) applying fertilizers, manure, pesticides and biological control agents, including by ground and aerial spraying;
 - (e) conducting any other agricultural activity on, in or over agricultural land;

and includes

- (f) intensively cultivating in plantations, any
- (i) specialty wood crops, or
- (ii) specialty fibre crops
- prescribed by the minister;
- (g) conducting turf production
- (i) outside of an agricultural land reserve, or
- (ii) in an agricultural land reserve with the approval under the Agricultural Land Commission Act of the Provincial Agricultural Land Commission;
- (h) aquaculture as defined in the Fisheries Act if carried on by a person licensed, under Part 3 of that Act, to carry on the business of aquaculture;

(i) raising or keeping fur bearing animals or game, within the meaning of a regulation made under the Animal Health Act, by a person licensed or permitted to do so under that Act;

(j) [Repealed 2014-16-107.]

(k) processing or direct marketing by a farmer of one or both of

(i) the products of a farm owned or operated by the farmer, and

(ii) within limits prescribed by the minister, products not of that farm,

to the extent that the processing or marketing of those products is conducted on the farmer's farm;

but does not include

(l) an activity, other than grazing or hay cutting, if the activity constitutes a forest practice as defined in the Forest and Range Practices Act;

(m) breeding pets or operating a kennel;

(n) growing, producing, raising or keeping exotic animals, except types of exotic animals prescribed by the minister;

- *"farmer" means the owner or operator of a farm business;*
- BC Assessment Authority
 - **Farm** – no definition found
- BC Ministry of Agriculture *Regulating Agri-tourism and Farm Retail Sales in the ALR*
 - **Agri-tourism** *is a tourist activity, service or facility accessory to ALR land classified as a farm under the Assessment Act, if the use is temporary and seasonal, and promotes or markets farm products grown, raised or processed on the farm.*
 - **Farm retail sales** *if all of the farm product offered for sale is produced on the farm on which the retail sales are taking place, or at least 50% of the retail sales area is limited to the sale of farm products produced on the farm on which the retail sales are taking place and the total area, both indoors and outdoors, used for the retail sales of all products does not exceed 300 m².*

MANDATING ELECTRONIC LOGGING DEVICES (ELD) FOR COMMERCIAL VEHICLE DRIVERS

Opening Statement

As technology has advanced through the years, commercial trucks have become lengthier, more powerful and they have higher payloads. This gives them the ability to move goods across Canada and North America more efficiently than ever. As the industry continues to remove costs and improve efficiencies on the equipment side, there will be more and more pressure for trucking companies to find competitive advantages in productivity including, in some cases, pushing their drivers harder and harder.

Of course, as a society, we want the most efficient and productive transportation system possible while continuing to ensure the health and safety of the industry; the workers employed within it; and the rest of society that interacts with it. With increased volume of goods and materials moved by commercial trucking each year, and a growing shortage of professional drivers, there is now, more than ever, reason for companies to increasingly push their drivers to get the loads delivered as fast as possible, with the least amount of downtime.

This problem can be reduced with the mandatory use of Electronic Onboard Recorders and driver electronic logging devices (ELDs) in all commercial vehicles. Not only will the ELD's enhance the safety of the drivers and public at large, it will level the playing field for all companies involved in the industry.

Background

Currently most commercial truck drivers are required to fill out a paper logbook to track their driving and on-duty time. The problem with this is that it is on the "honor system" and it is very easy to manipulate the logbook to show that the driver is not driving as many hours as they actually are. This issue often creates driver fatigue leading to the potential of an increase in accidents and companies promoting unsafe work practices.

The use of electronic logbooks will reduce the opportunities for companies to push their drivers beyond the legal hours of service.

As the technology has become more reliable and cost effective, many companies have voluntarily adopted the use of ELD's. This assists employers in ensuring compliance of regulations, helps to gather driver and vehicle information needed to build databases and provides clarity to help control operating costs and streamline operations.

Electronic Onboard Recorders (EOBR) are, in effect, the same as the "black boxes" well known in the airline industry. They are computers that connect to truck systems and collect data about the activity of the truck. This includes engine activity (rpm, braking, idle time, speeds, engine

fault codes, etc.). They are often permanently installed in a particular truck and connected by wire or wirelessly to the truck Electronic Control Module (ECM) which extracts the data needed by the EOBR.

The ELD is either an extension of an existing EOBR system (an add-on), or it performs both functions. The ELD records a driver's personal activity while using the truck (which may be all of the activity of the truck unless companies use multiple drivers on the same truck). Essentially, drivers are required to login to the ELD when they begin their day, and log out to end their day.

The ELD records all driver activity throughout their shift including things like driving time, load/unload time, safety checks, off-duty time, as well as their off-duty time between shifts. Because modern ELD systems utilize GPS, many of these activities are recorded automatically. For instance, drivers cannot manipulate driving time on their ELD because, if the truck is moving, the GPS system will put the driver on-duty, driving and record the distance travelled automatically.

Some in the trucking industry contend that ELD technology is too expensive, particularly for small, independent operators. In the past, that may have been a valid argument. Today, however, ELD technology has significantly decreased in price and systems that operate on a tablet or smart phone are available for as little as \$300 each, with an additional monthly charge of as little as \$25 for the required data plan.

Besides a reduction in the cost of compliance for trucking companies (internal auditing of manual logbooks, fines for non-compliance, etc.) EOBR and ELD technology provide companies with additional information for improving operational efficiencies, including GPS tracking of equipment; 2-way communication; fuel consumption information; idle time calculation; cycle/trip time data; speed monitoring; etc.). A typical payback on an EOBR/ELD investment can be as little as 6-18 months.

On Feb 16, 2016, the Canadian Trucking Alliance (CTA) said that officials from Transport Minister Marc Garneau's office, confirmed media reports suggesting that the new federal government would move forward to replace current requirements for truck drivers to complete paper log books, with a mandate that trucks instead be equipped with ELDs as the standard mechanism for monitoring, auditing and enforcing compliance with national hours of service regulations. While Transport Canada cannot give a firm date for introduction of the regulations at this time, it is expected to align implementation as closely as possible to the timetable for similar measures in the U.S. – late 2017 or early 2018*

Conclusion

The LED standard will enhance compliance with hours-of-service (HOS) regulations for federally regulated commercial vehicle drivers by eliminating opportunities for truck and motor coach drivers and carriers to abuse the HOS requirements. Along with improved compliance, the implementation will improve safety by reducing driver fatigue, decreasing the crash risk and

allow enforcement officials to focus on safety concerns rather than dealing with paperwork errors.

ELDs do not change drivers allowed HOS, they only change the way HOS are recorded. The goal of ELD's is to eliminate work related injuries, illnesses and fatalities in the trucking industry.

THE CHAMBER RECOMMENDS:

That the Federal and Provincial Governments:

1. Follow the commitment made by the federal government (Feb 16, 2016) to mandate the installation and use of Electronic Logging Devices (ELD) in all commercial vehicles excepting those vehicles and/or drivers that may be deemed exempt from the use of such devices
2. Mandate ELD devices as soon as practically possible but no later than the end of 2019
3. Implement a standard for 3rd party verification of approved ELD's to ensure the devices cannot be manipulated to misrepresent data

* cantruck.ca/feds-confirm-commitment-to-introducing-e-logs-and-e-stability-control-for-trucks/