

## **EXPLORING PUBLIC ENGAGEMENT ON MAJOR NEW TAXATION INITIATIVES (2012 – RENEWED 2015)**

There is widespread agreement that a major reason for the rejection of the Harmonized Sales Tax (HST) in BC was the lack of Provincial Government consultation before the HST's implementation. Chambers across BC have long lobbied for the implementation of a HST; a report published by the independent HST Review Panel appointed by the Provincial Government states that, "*virtually all economic analysis finds the HST increases economic growth, productivity, wages and the quality of jobs.*" Thus, there are very strong arguments in favour of the HST. The problem is that the Provincial Government, in this case, did not make these arguments before implementing the HST.

The rejection of the HST by voters in the recent referendum has been quite costly to the BC economy. According to the Independent Review Panel, by 2020 the HST would have added 24 000 jobs and 2.5 billion dollars to BC's economy. This has all been lost. Additionally, the Provincial Government is obligated to pay \$1.6 billion in HST transition assistance back to the Federal Government.

Going forward, let us take into consideration the valuable lessons learned from the demise of the HST. Specifically, the Provincial Government and Federal Government should substantively engage the public before the implementation of major new taxation initiatives.

The Chamber recognizes that substantive consultation processes already exist in terms of identifying public policy priorities involving taxation.

In addition to the Select Standing Committee on Finance and Government Services annual Budget Consultations, the Provincial Government is undertaking a review on BC's tax competitiveness and a review of the BC Carbon Tax and has also recently undertaken a review of BC's major industrial property tax structure. However, these initiatives are not guided by any principles regarding outreach and more importantly, no one is held accountable for the recommendations that arise from these processes.

The Chamber therefore believes that such engagement should be guided by best practices for effective public engagement. As an example, the Chamber believes that the following core values could form a basis for the design of such a stakeholder participation system:

- Based on the belief that those who are affected by a decision have a right to be involved in the decision-making process;
- Includes the promise that the public's contribution will influence the decision;
- Promotes sustainable decisions by recognizing and communicating the needs and interests of all participants, including decision makers;

- Seeks out and facilitates the involvement of those potentially affected by or interested in a decision;
- Seeks input from participants in designing how they participate;
- Provides participants with the information they need to participate in a meaningful way; and
- Communicates to participants how their input affected the decision.

### **THE CHAMBER RECOMMENDS**

That the Provincial Government work with all stakeholders, both public and private, to explore the creation of stakeholder engagement models that can be used during the proposal and implementation of major taxation initiatives.

Submitted by Absorbent Products Ltd.