



ITEM 5

OCT 27 2011

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Patti Bacchus, Chairperson
Vancouver Board of Education
School District No. 39
Board of School Trustees
1580 West Broadway
Vancouver BC V6J 5K8

Dear Ms. Bacchus:

Thank you for your letter of September 20, 2011, addressed to the Honourable George Abbott, Minister of Education, regarding the concerns of the Vancouver Board of Education about the reinstatement of the provincial sales tax (PST) plus goods and services tax (GST) system. Please accept my apology for the delay in response.

As you are aware, British Columbia provides partial rebates of the provincial portion of the harmonized sales tax (HST) for eligible public service bodies, including school authorities. Please allow me to explain the intent of these rebates.

The purpose of the HST rebates for public service bodies was to mitigate the impact of the HST on these entities. The rebates were designed to ensure that, on average, eligible entities pay no more in provincial HST than they paid in PST. When the HST is eliminated, there will no longer be additional HST costs to mitigate. The HST rebates will be eliminated with the elimination of the HST.

British Columbians have made their decision in the HST referendum, and our government has committed to make the transition back to the PST plus GST system as responsibly and quickly as possible. I would like to assure you that we have committed that all permanent PST exemptions will return with the re-implemented PST.

I would like to thank you again for taking the time to write.

Sincerely,

Kevin Falcon
Minister and Deputy Premier



Vancouver Board of Education

School District No. 39

BOARD OF SCHOOL TRUSTEES

1580 West Broadway

Vancouver, B.C. V6J 5K8

Telephone: 604-713-5000

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September 20, 2011

The Honourable George Abbott
Minister of Education
P.O. Box 9045,
Stn Prov Govt
Victoria, BC V8W 9E2

Dear Minister:

Re: Changes to Harmonized Sales Tax (HST)

As a result of the Harmonized Sales Tax (HST) referendum, the Province has said it will be dismantling the HST and reinstating the Goods and Services Tax (GST) and Provincial Sales Tax (PST) system of taxation. We understand that it may take up to 18 months to complete the planning and implementation for this transition.

Under the HST system, the Province provided school boards a rebate of 87% on the 7% provincial portion of the HST. A preliminary analysis for the Vancouver Board of Education indicates that if the GST / PST system is implemented without the benefit of a rebate on the PST, it could result in additional costs to the Board of \$850,000 per year.

At its September 19, 2011 meeting, the Vancouver Board of Education agreed to request that the Province ensure that school districts are not negatively impacted as a result of the reinstatement of the GST / PST. This may mean that a provincial rebate will be required on the PST similar to the rebate that is currently provided on the 7% provincial portion of the HST. As we are already projecting another significant funding shortfall for the Vancouver Board of Education for 2012/2013, we cannot accommodate any further additional costs as a result of decisions beyond our control.

We hope that you and your government will support the public school system in the Province by ensuring that school boards will not be negatively impacted as a result of the reinstatement of the GST / PST.

Sincerely,

A handwritten signature in cursive script that reads 'Patti Bacchus'.

Patti Bacchus
Chairperson

cc: Honourable Kevin Falcon, Minister of Finance and Deputy Premier
BC School Trustees Association – All BC school boards
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Steve Cardwell, Superintendent of Schools
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