



## Disappointing HST Rejection Misses Opportunity to Address BC's Economic Weaknesses

### Business Council Looks to Government to Move on Transition Plans and to Accelerate Efforts to Address BC's Competitiveness and Growth Challenges

**Vancouver B.C. August 26, 2011**—The Business Council of British Columbia today accepts the public's decision on the HST, but called on the government to quickly turn its attention to addressing the short term impacts of the transition back to a separate provincial sales tax as well as lingering problems with BC's competitiveness that the HST had begun to tackle.

"The public have spoken and rejected the HST, a tax change we strongly endorsed. The business community respects that decision and understands that the government will do the same," stated Greg D'Avignon President and CEO of the Business Council of BC. "We are unquestionably disappointed but don't have the luxury in today's uncertain times to revisit the past. We need to move on to deal with the real challenges facing BC's economy and its people if we are to achieve our full potential."

"Specifically, there is an urgent need to focus on BC's lagging competitiveness, our poor productivity, and most importantly the challenge of attracting the capital that is required to build our economy, invest in innovation, and harness our natural assets to create jobs," stated Jock Finlayson, Executive Vice President of the Business Council.

"We will work with government to try and ensure an orderly transition to the PST, but in doing so we believe there is a pressing need for government and industry to address the lost competitive advantage and efficiency that the HST provided for business and our economy," said D'Avignon. "Particularly in today's unsettled global economy, it is important that we look at all opportunities to improve our economy and grow and maintain BC's reputation as a stable and attractive place to invest."

"Unfortunately, businesses and government will face direct and indirect costs and lost revenues in the billions of dollars as the province shifts back to an inefficient and cumbersome retail sales tax," added Finlayson. "These costs will fall on companies, taxpayers and households. This change poses a risk to the province's reputation as a stable jurisdiction in which to do business. Government must be mindful of this risk going forward."

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The Business Council will be establishing a Task Force on Productivity, Competition and Innovation with a mandate to develop proposals to enhance the investment climate and improve British Columbia's ability to attract capital and create jobs. "Through this new Task Force, we will work with key industry sectors that underpin BC's prosperity to come up with practical and innovative ideas to develop a stronger and more competitive provincial economy," stated D'Avignon.

The Business Council of British Columbia is in its 45th year as the premier business organization in BC representing the province's 250 leading companies and enterprises in every key sector of the economy. Our membership, found throughout BC, accounts for over 25 percent of all jobs in the province.

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