

February 16, 2016

## **NEWS RELEASE**

### ***Fiscal discipline and new investments support B.C. families, jobs and communities***

VICTORIA — British Columbia's continued fiscal discipline and steady economic growth are providing the means for new and increased funding for services, helping families with the cost of living, and taking new steps to help promote home ownership, Finance Minister Michael de Jong announced today.

*Balanced Budget 2016* invests \$1.6 billion in new and increased spending over three years on core services in addition to annual 3% increases in the health ministry budget, almost \$500 million of which is funded by lower interest costs due to the retirement of operating debt.

Government will once again balance its budget in 2015-16, and in each year of the three-year fiscal plan. Within the balanced budget, new and increased investments in government programs and services include:

- \$3.2 billion over three years added to the Ministry of Health compared to 2015-16.
- \$673 million in additional support for children, families and individuals in need over three years, including \$217 million for the Ministry of Children and Family Development to support vulnerable youth and their families, and \$456 million for the Ministry of Social Development and Social Innovation to support those in need and to increase monthly disability income assistance rates.
- \$143 million over three years to enhance key areas of the B.C. economy that support jobs in communities, including the new \$75-million Rural Dividend Program to help small communities strengthen and diversify their economies, additional support for youth trades training, building the B.C. wood brand in India, and additional BC Transit funding.

Changes to Medical Services Plan (MSP) premiums and enhanced premium assistance effective Jan. 1, 2017, will help lower-income families, individuals, and seniors with the cost of living. All children will be exempted from MSP premiums, directly benefitting about 70,000 single-parent families. By making children free and expanding premium assistance, an additional 335,000 people will see their premiums reduced and an additional 45,000 people will no longer pay MSP premiums at all. With these changes, for example, a single-parent with two children would save up to \$1,224 each year, and a senior couple earning up to \$51,000 may now qualify for reduced premiums. Once the changes are implemented, nearly two million British Columbians will pay no premiums at all.

Government is acting to help the housing market respond to high demand for homes, which is resulting in rapidly rising prices, particularly among single-family homes in the Lower Mainland. *Budget 2016* introduces a new full exemption from the property transfer tax on newly constructed homes (including condominiums) priced up to \$750,000. This exemption will save purchasers up to \$13,000 on a newly constructed home and is estimated to provide approximately \$75 million in property transfer tax relief for new construction in 2016-17. The cost of this measure will be offset by adding a third tier to the property transfer tax rate, increasing the rate to 3% from 2% on the fair market value of property above \$2 million.

Proposed changes to the *Property Transfer Tax Act* will authorize government to collect new information from owners when they register their property. The government will resume collecting data that specifically identifies foreign purchasers. Beginning this summer, individuals who purchase property will need to disclose if they are citizens or permanent residents of Canada, and, if they are not, their citizenship and country of residence.

Government is also investing capital funding of \$355 million over the next five years for construction and renovation of affordable housing for people with low to moderate incomes.

A portion of the dividend derived from the government's strengthening economy, fiscal discipline, and reduction in operating debt will be used to establish the B.C. Prosperity Fund. *Budget 2016* applies an inaugural commitment of \$100 million from the forecast 2015-16 surplus to establish this long-term legacy intended to:

- Help eliminate the Province's debt over time.
- Invest in health care, education, transportation, family supports and other priorities that provide future benefits to British Columbia.
- Preserve a share of today's prosperity for future generations.

Government has identified its lead priority for the B.C. Prosperity Fund as reducing taxpayer-supported debt. Government will allocate a minimum of 50% of each year's allocation to the fund to debt retirement, and a minimum of 25% will be saved to accumulate earnings. The remainder will be available for core government priorities that provide long-term benefits to British Columbia. In addition, future government surpluses including LNG revenues will help grow the fund over time.

*Budget 2016* continues to invest in new and upgraded infrastructure to support services and jobs. Taxpayer-supported infrastructure spending will inject \$12 billion into the economy over the next three years, build new projects, and expand and sustain existing infrastructure. This includes:

- \$3.1 billion in total transportation infrastructure investment, including highway upgrades and transit infrastructure.
- \$2.9 billion for new major health care projects and upgrades to health facilities, including the new Centre for Mental Health and Addictions.
- \$2.5 billion for post-secondary facilities, including building capacity and helping meet the province's future workforce needs in key sectors, as set out in the *B.C. Skills for Jobs Blueprint*.
- \$1.7 billion to maintain, replace, renovate, expand and seismically upgrade K-12 school facilities, including new school space to accommodate increasing enrolment.

The surplus forecast in each year of the fiscal plan helps keep taxpayer-supported debt affordable. By the end of 2015-16, the direct operating debt will be reduced by \$2.2 billion since government resumed balancing its budget. Under the current fiscal plan, with continued fiscal discipline, there will be an opportunity for B.C. to be free of operating debt as early as 2020 – the first time in 45 years the Province would not be carrying the burden of operating debt.

The independent British Columbia Economic Forecast Council is projecting provincial real GDP growth to be 2.7% in 2016, 2.6% in 2017, and an average of 2.4% over 2018-20. Government's economic growth forecast remains prudent relative to the Economic Forecast Council at 2.4% in 2016, 2.3% in 2017, and 2.3% in 2018.

#### **Quotes:**

##### **Minister of Finance Michael de Jong:**

“We’ve been following a prudent plan that includes a focus on paying down our direct operating debt, which is projected to be at its lowest point since 1984-85 if we stay on course.”

“B.C. families know that working hard to pay off their credit card debt means they will save money on interest payments, and the same is true of government. A reduction in the operating debt means almost \$500 million that would have gone to interest payments can instead be invested in priority programs for British Columbians.”

“With a track record of successive balanced budgets, B.C. remains in a fiscal position envied by many jurisdictions around the world. We are forecast to lead Canadian provinces in economic growth this year and are continuing to make fiscal decisions that further strengthen our economy, create jobs and make life more affordable for British Columbians.”

#### **Learn More:**

For more details on *Budget 2016*, visit: [www.bcbudget.ca](http://www.bcbudget.ca)

For online information and services, visit the Province’s website: [www.gov.bc.ca](http://www.gov.bc.ca)

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## **BUDGET SPEECH 2016**

I was walking past a school a few weeks ago. The students were heading home at the end of their day.

Some were walking, others were climbing aboard the big yellow school buses waiting for them out front.

And there was a heightened level of excitement in the air that at first I didn't understand until I got a little closer and could hear some of the comments and conversation.

Turns out it was report card day. You remember report card day. That was the day you had to go home and show your parents how you were actually doing, at least according to your teachers.

All term long you'd been telling your folks how well everything was going at school, but this was the day they got to see what was really happening. And before you got home, there was that whole comparative assessment thing that you went through with your friends.

What'd you get in math?

What'd you get in social studies?

And how you did tended to influence your measure of enthusiasm for the conversation. Sometimes if the results were disappointing, you would feign indifference and shrug it off with a "whatever."

Alternatively, the more brazen would simply conclude that the adjudicator, the teacher, simply didn't recognize the brilliance they were confronted by.

Of course, happily, the grade we got in a particular course or the comment we received from a teacher represented a mere snapshot of our development and was in no way determinative of our future prospects. (My own math teacher Mr. Klassen would attest to that!)

Still, we all want to know "how we're doing."

Parents certainly want to track the progress and performance of their children. We all want to know that our efforts are being recognized and how we are positioned vis-a-vis our peers and/or competitors.

Governments get a different type of report card. In B.C., I suppose the ultimate "reporting out" takes place every 4th spring in what I like to call the "shareholders' meeting," when everyone gets to assign a grade.

Along the way, however, our performance as a province is examined and analysed by a variety of agencies whose job it is to assess, in a non-partisan way, British Columbia's strengths, weaknesses and forecast our future prospects.



In providing my customary update on B.C.'s budgetary position for the present fiscal year, I thought it might be appropriate to draw members' attention to what some of those authorities are saying about us in their report cards.

It hasn't been an easy year for the economists. Volatility has impacted economies across Canada and around the world. The downward spiral of the oil sector continues.

Now the Canadian dollar is following suit—reaching lows against the U.S. dollar that haven't been observed in more than a decade.

Like all jurisdictions, we are being tested by the dual challenges of rapid change and unpredictability. Unlike most of those jurisdictions, we are not only passing that test but we are scoring top marks, and British Columbians deserve to be proud for having earned our way to the top of the class!

Here's what the Conference Board of Canada said in their January report card:

British Columbia's economy is forecast to maintain the momentum gained over the last year and continue to make impressive gains.

... B.C.'s fiscal balance sheet is the envy of the other provinces...

After leading the provinces in growth this year, British Columbia will be the top performer again in 2016.

At the same time, CIBC World Markets issued their November report card and predicted that B.C. is "likely to top the charts on GDP and employment growth" in 2016.

And from the senior economist at BMO the following commentary:

... B.C. is on track to cruise into year-end as the envy of the Canadian provinces. The budget is balanced; net debt is low and stabilizing at around 16.5% of GDP; economic growth is atop the leader board, and the province's relative tax competitiveness is steadily improving (especially versus its neighbour to the east).

There's another group that regularly issues a non-partisan report card. They're called the rating agencies and we ignore the marks they assign at our peril because it is those marks that determine how much we will pay to borrow the capital we require to build hospitals, schools and highways.

And in the world of credit worthiness the difference between three A's and one B is billions of dollars in added debt-servicing costs.

In reaffirming B.C.'s triple-A credit rating, Moody's observed that "the province has presented a credible plan of consistent balanced budgets with little risk that the debt burden will exceed current forecasts."

Down the street at Standard and Poor's, the examiners confirmed our triple-A grade and in support cited "the province's very strong financial management, exceptional liquidity, and very strong and wealthy economy."

Perhaps most importantly, this observation regarding the form and reliability of the budget documents I am presenting today. Back in April, Dominion Bond Rating Service praised B.C. for:

"exemplary accountability and reporting practices" including "compliance with generally accepted accounting principles and early adoption of new standards, comprehensive consolidation of government entities, early budget releases, established dates for quarterly updates, full comparability of budget estimates and public accounts and no reliance on fiscal smoothing mechanisms to balance its budget."

Not only are we doing our homework, we're getting it in on time and in a format that people can trust!

I suppose none of this would have been worth pointing out if everyone were getting the same marks and attracting the same comments in their report cards. Of course this is not the case.

As B.C. continues along the path of steady, stable growth, we see other provinces contending with faltering economies and credit rating downgrades.

Alberta was recently downgraded amidst concerns of weak budgetary performances and the province's rapidly rising taxpayer-supported debt.

Saskatchewan has recently seen its outlook revised by Standard and Poor's from stable to negative.

Alone among all of the provinces B.C. is the only jurisdiction to garner top marks of "Triple-A Stable" from both international rating agencies. The exclusive club I referred to last year has now truly become a lonely triple hearts club of one.

Our positive standing is a reflection of the disciplined fiscal management that British Columbians have demanded of their government and the solid economic growth that British Columbians have achieved through their enterprising ingenuity.

*Budget 2016* will honour that record... that legacy that British Columbians have worked so hard to achieve.

Last year, I referred to the fiscal hat trick... this year I will congratulate British Columbians on scoring a budgetary grand slam.

In 2016-17, for the fourth year in a row, the government is tabling and will deliver a balanced budget.

The budgetary plan for 2016-17 anticipates:

Total spending of	\$47.5 billion
Total revenues of	\$48.1 billion
A forecast allowance of	\$350 million
A budget surplus of	\$264 million

We have leveraged our advantages internationally and diversified our industrial output so that B.C.'s economy wouldn't be too reliant on any single sector or any single trading partner.

We have been prudent in our forecasts and disciplined in our spending.

We've made some tough choices, the kind that British Columbians have to make each day for their families and for their businesses.

But as a result of that approach—the prudence and the discipline—we are today in a position where we have the flexibility to make targeted investments that will:

- help B.C. families with some of the challenges they are facing;
- offer greater support to the most vulnerable among us;
- partner with communities, First Nations and the private sector to create jobs and opportunities around the province; and,
- capitalize on our strength today to protect ourselves against future fiscal uncertainty.

Now let's get to the numbers.

### **3rd QUARTER UPDATE**

As we move through the final quarter of the 2015-16 fiscal year, I can advise the House of two things:

1. We are on track to meet our budgetary forecasts.
2. We are not immune from the challenges facing the world economy.

Lower prices for metals, minerals and energy products, alongside weak global demand, are weighing on the growth of exports.

However, B.C.'s economy has experienced steady and stable growth over the past year, and that trend is forecast to continue—with notable strength in consumer spending, housing, and employment.

Retail sales continue to be a driver in B.C.'s economy, advancing 6.8% year-to-date to November 2015. Employment has exceeded our forecasts with growth of 1.2% in 2015.

The housing market has also exceeded expectations. Housing starts are up 10.9% in 2015 and the value of residential building permits up 26.6% year-to-date to November 2015.

I'll have more to say about the housing market later.

And as B.C. is poised to lead the country in economic growth, we are attracting people from other provinces who are seeking a safe harbour from economic storms. In the third quarter of 2015, B.C. saw the highest quarterly level of net inter-provincial migration since 1995. We had a net inflow of more than 6,315 people from other regions of Canada, and yes, more than one-third of those arrived from Alberta.

This inflow of Canadians from other regions is a reflection of our economic resilience relative to the other provinces, and the economic growth that is acting to attract people to B.C. is providing benefits to families in a variety of ways.

Statistics Canada reported that the B.C. economy grew by 3.2% in 2014—well ahead of the 2.3% projected by B.C.'s independent Economic Forecast Council.

And that has provided some good news for the public sector employees under labour agreements that accepted the premise that agreements that offer labour stability and are affordable for taxpayers can contribute to the economic well-being and growth of our province. The greater than forecast economic growth in 2014 translated into an additional wage increase of 0.45%, on top of the general wage increases of 5.5% over five years. It's a modest increase, but it's one that marks the first time in B.C. history that public sector employees have directly benefitted from actively participating in the province's growth.

The growth dividend will ensure that all employees receive additional money over the life of their collective agreement...some as much as \$1,298 over the term of the agreement. And in *Budget 2016*, we are adding \$213 million over the next three years to ministry budgets to fund that growth dividend.

More importantly, it recognizes the fact that British Columbia's ongoing success and prosperity is a joint effort. We are all in this together and when British Columbia succeeds everyone should share in the benefits.

## **ECONOMIC AND FISCAL OUTLOOK FOR 2016-20**

The Economic Forecast Council met once again at the end of November.

I am again obliged to the members of this Council who travelled here from various parts of B.C. and Canada and to members of this Assembly from both the Opposition and Government benches who took the time to be in attendance. One very lonely member of the media took advantage of the opportunity to see and hear first-hand the advice we received from some of Canada's leading economists against which we compare our own budgetary forecasts.

Had others been in attendance they would have heard members of the Council observe that B.C. sets the gold standard for fiscal prudence and management.

The Economic Forecast Council is projecting growth for B.C. as follows:

2016	2.7%
2017	2.6%
2018-20	2.4%

For the purpose of the fiscal plan I am tabling today, the government is projecting B.C. economic growth of:

2016	2.4%
2017	2.3%
2018	2.3%

As usual our projections are slightly lower than the outlook provided by the Council, and that is one of the levels of prudence that helps keep spending within our means.

Forecast allowances are another level of prudence that help protect B.C. against the kind of unforeseen changes, such as resource price volatility, that can sink budgets into the red. To that end, we have built in forecast allowances of \$350 million for each year of the fiscal plan.

And in our third traditional level of prudence, we've built in spending contingencies as follows:

2016-17	\$450 million
2017-18	\$400 million
2018-19	\$400 million

Too much or not enough? That's generally the debate around contingencies. Let me simply say that on our \$47.5 billion budget a \$450 million contingency allows for less than 1% margin of error (0.95%).

With that cautionary note, the bottom line for taxpayers is that we're on track for a balanced budget for the next three years with forecasted surpluses that will allow us to reduce borrowing requirements and continue reducing our direct operating debt.

2016-17	\$264 million surplus
2017-18	\$287 million surplus
2018-19	\$373 million surplus

You'll notice that the surpluses for the next couple of years are down slightly from what we were forecasting in Budget 2015 which is attributable to two things:

1. Spending decisions in this fiscal plan that I will refer to shortly.
2. The fact that B.C. is not immune to the economic forces that are slowing growth elsewhere.

## **DISCIPLINED FISCAL MANAGEMENT AND DEBT**

I want to take a moment to speak about the relationship between responsible fiscal management, the debt, and the ultimate impact that has on services for British Columbians.

By showing discipline in tough fiscal times, by paying down the operating debt that has built up over decades of deficit budgets, we've been able to free up hundreds of millions of dollars for reinvestment in expanded programs and services for the people of B.C. who rely on them.

Spending discipline is rarely easy and never fun. It requires constant vigilance—controlling office, administration and travel expenses.

Managing hiring and placing rigid controls on compensation for management and executives. Tough negotiations and modest wage settlements with the invaluable women and men who work in the public sector under labour agreements.

Careful management of public sector compensation was essential to achieving a balanced budget, and I need to again pay tribute to the hardworking public servants who have helped us achieve that objective.

Maintaining that prudent approach will be just as important going forward in the face of gathering economic uncertainty around the world.

Because today, we have within our grasp the ability to do something that could define this generation.

Three years ago the government—the Premier—had the audacity to present the idea of a debt free B.C. (“Il nous faut de l’audace, encore de l’audace, toujours de l’audace!”—Georges Danton).

Many scoffed and said it was impossible. They were, I might add, some of the same skeptics who said balancing the budget was impossible and yet here we are with our fourth in a row!

Surely leadership is about presenting that audacious vision and challenging us to turn the dream into reality. And that's what we're doing...tackling the debt the same way it was created—one step at a time.

Since we started balancing the budget, we will have reduced direct operating debt by over \$2.2 billion. And, by the end of this fiscal plan, if we maintain our course, direct operating debt is projected to be at its lowest point since 1984-85.

What's more, if we adhere to our prudent and disciplined path, we have the opportunity as early as 2020, in just four years, to completely eliminate the operating debt, and for the first time in 45 years—since 1975—the Province will no longer carry the burden of operating debt.

What's it mean? Well it means a whole lot more budgetary flexibility, which we're already experiencing and which I'll expand upon in a moment.

But it also means this: It means a parent can look their child or grandchild in the eye and say, or at least know, that we paid our own way.

We paid for the services we consumed. We didn't run up a grocery tab and ask our kids to pay it off. We left the province in better shape than we found it. Now that's a gift for the generations!

B.C. families get it. They know that by working hard and paying off their credit card they'll save money on interest payments and have that money to spend on more productive priorities.

The dividends resulting from prudent fiscal management already reveal themselves in the fiscal plan before you today.

\$1.6 billion in new incremental spending over the three years—plus annual increases of 3% for health care funding—just under \$500 million of which is made possible because of reduced interest payments on our reduced operating debt.

By way of comparison, if we had Ontario's public debt-to-revenue ratio and Ontario's credit rating, instead of saving \$500 million for redeployment elsewhere, we would be paying an additional \$2.45 billion in annual debt servicing costs.

Instead, we're able to reinvest those savings on priority programs for the families and individuals in B.C. who need it most, and I'll describe those investments in detail in a moment.

Ah yes...but I can hear the keen observer proclaim you are still borrowing. We do borrow, reduced amounts, for investments in capital infrastructure. Today, on the strength of our balanced operating budgets, we borrow only to build.

This three-year fiscal plan, drawing on our fiscal strength, projects total capital spending in the amount of \$20.6 billion—of which \$12 billion is taxpayer supported and will ensure that record levels of investment in health, education, skills training facilities, transportation and community safety infrastructure are made. That total includes:

\$2.9 billion in health infrastructure projects, such as:

- Royal Inland Hospital — clinical services building, Kamloops.
- B.C. Children's & B.C. Women's Hospital Redevelopment (clinical support building & acute care centre), Vancouver.
- Penticton Regional Hospital — Patient Care Tower.
- North Island Hospitals, Comox Valley & Campbell River.

\$1.7 billion in K-12 education infrastructure, including such projects as:

- Clayton North Secondary, Surrey.
- Smiling Creek Elementary, Coquitlam.
- North West Elementary, Fort St. John.
- Alpha Secondary seismic upgrade, Burnaby.
- Sir Charles Kingsford-Smith seismic upgrade, Vancouver.
- Georges P. Vanier seismic upgrade, Courtenay.

\$2.5 billion in infrastructure spending for post-secondary education, skills and trades training, for such projects as:

- Emily Carr University of Art & Design Campus Redevelopment, Great Northern Way, Vancouver
- University of British Columbia — Life Sciences Teaching Laboratories Redevelopment, Vancouver
- Selkirk College — Trades Facility Renovation, Nelson

\$3.1 billion in transportation investments, including:

- Highway 1: Admirals Road/McKenzie Ave. Interchange, Saanich
- Highway 1 widening and 216th St. Interchange, Langley
- Reconstruction of Fort Nelson River Bridge (Hwy 77), Ft. Nelson
- And many others.

## **HOW WE'RE GOING TO CONTINUE TO BUILD THE ECONOMY**

When I attend gatherings of provincial and territorial ministers or meetings with international representatives, I'm frequently asked how we managed it.

How is it that B.C. alone, among the provinces, is able to post repeated surpluses, pay down debt, and maintain a stable triple-A credit rating?



I tell them it's all about thinking in 3D:

- Discipline.
- Diversity.
- Determination.

This is a province that has a strong and diverse economy, and that's partly because we continue to build on our competitive advantages when attracting investment, creating jobs, and building industries.

We have been and will continue to market British Columbia's advantage to the world, including our:

- Stable investment climate.
- Strong labour pool.
- Active First Nations participation.
- Competitive fiscal regime.
- Strong regulatory framework.

And in this year's budget, one of the ways we're going to help B.C. families with the cost of living is to create a landscape that supports a diverse and growing economy.

We want British Columbia to continue to prosper, which means we have to continue to have a competitive taxation environment.

Some of the Province's taxes were designed in the early 20th century, for the 20th century British Columbia economy. To remain competitive we need our taxation policy to keep pace with our changing and evolving economy.

One example is the provincial sales tax, a retail sales tax that was originally introduced in 1948.

That's why we are establishing a Commission on Tax Competitiveness to look at how the Province's economy is changing and evaluate taxation instruments like the current PST within the context of those changes.

The terms of reference will include asking the commission to consider ways to modernize the existing sales tax. The commission's terms of reference will explicitly *exclude* consideration of a return to the harmonized sales tax.

The commission will consult with British Columbians and it will make recommendations to government in the fall of 2016.

It's vital that we continue to create the kind of competitive tax environment that draws capital investments, industries, companies and jobs to our province.

Attracting private sector investment is why *Budget 2016* provides \$1 million as the second year of funding for the International Maritime Centre, a project that is already attracting more international maritime companies to British Columbia—along with the businesses and jobs that support them.

Recently, the *Wall Street Journal* for the first time listed Vancouver amongst the leading global shipping centres and named Vancouver alongside London and Singapore, and the Vancouver International Maritime Centre is already beginning to fulfil its mandate and attract shipping companies to Vancouver.

In fact, just a few months ago, we welcomed the first shipping company to open a new office in Vancouver since re-establishing the International Maritime Centre—Singapore-based AAL.

This company is already expanding business here and hiring more staff, and those are the kind of opportunities we want to bring here.

### **Aerospace**

Quietly, steadily, British Columbia's aerospace sector is establishing itself on the world stage.

Companies like Cascade Aerospace, which for 10 years has maintained Canada's C-130 Hercules Fleet, has now expanded and is performing similar work for the Mexican Air Force, with other countries including Japan, China, Thailand, the Philippines, poised to join the customer list.

The latest and greatest in aerial fire suppression technology continues to be developed right here in B.C. by companies like Conair Aviation.

Whether it's the Q400 fighting fires in Europe or the RJ85 air tanker saving lives and property in the U.S. and Australia, this is aerospace technology engineered, designed and built right here in B.C. by the almost 10,000 people directly employed in the aerospace sector.

Building on this success is why the government intends to continue our partnership with the Aerospace Industries Association of Canada by providing the third instalment of our \$5 million funding contribution to its Pacific division.

Whether it's Viking Aircraft reintroducing the twin otter to the world, or EarthCast Technologies establishing B.C. as an earth observation satellite technology leader, an industry that once flew under the radar is now reaching for the stars and providing more and more British Columbians with long-term, family supporting jobs.

### **Forest Innovation Investments — India**

And it's why we are targeting an additional \$5 million over three years to expand the effort to advance a strong Canadian wood brand in India, which has the potential to be an important market for this province.

But it will not happen on its own and it will not happen overnight.

Building on the initial work of Forestry Innovation Investments Ltd., we are going to pursue this market in the same way we have taken advantage of, and created, opportunities in China.

Fifteen years ago, China was purchasing a paltry \$15 million worth of B.C. wood products.

Today, following the completion of the Dream Home Canada project, and after working with Chinese officials to explain and market the benefits of building with B.C. wood products, China now purchases \$1.5 billion worth of forest products, supporting jobs in every region of B.C.

With this funding, we will work with the forest industry to promote a stronger B.C. wood brand in India to help B.C. companies establish themselves as the world's leading supplier of sustainably harvested wood products to a market that includes the world's largest middle class.

Within the U.S., the forces of softwood protectionism are gathering once again.

Be assured that the Premier and the government have already taken the lead in mobilizing Canadian governments and the forest sector to respond to this challenge.

Developing new markets in India and elsewhere represents a key component of our strategy to respond to American softwood protectionists who are either unable or unwilling to compete with the best producers of forest products anywhere in the world located right here in B.C.

### **Growing our economic potential**

And while we work to encourage investment from around the world, this budget is also working to grow the outstanding economic potential we have right here in B.C.

For small businesses, the backbone of our economy, we are expanding the Small Business Venture Capital Tax Credit budget by \$5 million.

And to make sure we continue to tap into our workforce potential, this budget is providing \$8 million over three years for increased youth trades training to help more of our young people participate in B.C.'s growing industries.

As previously announced, *Budget 2016* also provides support to the mining sector.

As an important economic driver in the province, the mining industry is a key sector in the BC Jobs Plan and a critical source of long-term employment and business opportunities, particularly for Aboriginal and rural communities.

*Budget 2016* will extend the Mining Exploration Tax Credit for three years and the British Columbia Mining Flow-Through Share Tax Credit for one year to encourage exploration.

Today there are 20 LNG proposals in B.C. at various stages of development, and we will continue to work with the private sector to move forward on projects.

We are, however, prudent in our forecasts, and though we have seen important and substantive progress in the development of an LNG industry in B.C., we have not included LNG projects in our revenue projections at this time, pending the announcement of a final investment decision.

The fundamental advantages that have attracted LNG proponents to B.C., including the enthusiastic participation of so many First Nations, has not changed.

The forecasts for growing worldwide demand for a reliable supply of LNG remain unchallenged.

And while recent volatility in the energy markets has created unique challenges for those poised to make some of the largest private sector investments in our nation's history...

...thanks to all of the work that has been done to establish a regulatory, environmental and taxation platform within B.C., we may continue to say with confidence that the advent of this generational opportunity, and all of the benefits that go with it, is not a questions of "if," but "when"!

One sector of our economy is a notable showcase of B.C. talent—the film industry.

B.C. provides generous labour-based film tax credits to help reduce a production's labour costs, and a strong U.S. dollar relative to the Canadian dollar this past year, combined with the world class talent pool that has arisen in B.C., have combined to attract a record number of productions to our province.

And as the industry booms, they are also able to take further advantage of the tax credits that are now estimated to be around half-a-billion dollars in 2015-16.

Ontario, which noted its increased tax credit cost due to the low Canadian dollar, as well as Quebec and New Brunswick, have reduced their tax credits in recent years.

The industry has recognized the fiscal impact and approached government so we can work together to find the best way to address the fiscal pressure the low dollar creates. The results of these discussions will be revealed in the weeks ahead.

*Budget 2016* continues to build on B.C.'s leadership in clean technology and climate action.

Climate change is a global issue, and the Premier has made it clear that B.C. will remain a climate action leader.

And we have been able to move forward with that leadership on climate change while also growing our economy.

*Budget 2016* continues that leadership with support for the Clean Energy Vehicle Incentive Program, which provides British Columbians with incentives when considering the variety of clean and green choices for their transportation needs.

And as communities want to know their surrounding environment is being taken care of, they also want to know they are being supported to have safe and vibrant communities.

For our communities, *Budget 2016* commits:

- \$75 million over the next three years to the Rural Dividend Program, to help struggling communities reinvigorate and diversify their local economies.
- support for public and community safety, including \$5 million for the Guns and Gangs strategy as per our UBCM commitment.
- \$128 million in operating funding for the new Okanagan Correctional Centre, due to open in early 2017, which will add about 240 jobs to the area.

And when it comes to safety, people also want to know that their communities are safe from Mother Nature's more severe impacts.

We certainly saw some of those impacts this past summer, where more than 1,800 fires burned about 300,000 hectares. Fighting these fires cost taxpayers an estimated \$278 million, put firefighters and communities at risk—and worse, cost a young man his life.

Prevention is key to protecting our communities, which is why in 2015-16 we're providing targeted investments to help protect B.C.'s communities against future wildfires and other natural disasters, including:

- \$85 million to establish a new organization—the Forest Enhancement Society of BC—that will work towards wildfire prevention and mitigation through forest fuel management, reforestation and habitat restoration.
- \$10 million for the Strategic Wildfire Prevention Initiative for Community Wildfire Protection Plans, Fire Smart Planning Activities and Fuel Management Projects, which follows through on another UBCM commitment.
- \$55 million in emergency preparedness and prevention initiatives, such as upgrading dikes and flood protection in vulnerable communities.
- And \$10 million in one-time funding to help bolster training, administrative support and equipment renewals of volunteer ground search-and-rescue organizations.

That's on top of a \$3 million increase over three years we're providing to Emergency Management B.C. to support outreach related to emergency preparedness.

*Budget 2016* also provides an additional \$19 million to improve resource permitting and support work with First Nations and improve consultation.

Resource development is vital to our economy, but we're also mindful that this must be balanced with the needs of our environment, our First Nations and our communities.

This funding is being provided to the Ministries of Aboriginal Relations and Reconciliation, Environment, Forests Lands and Natural Resource Operations, and Natural Gas Development to help them work together as they support responsible use of natural resources in the province.

This funding support includes First Nations engagement and consultation, as well as engagement and consultation with industry, community and other stakeholders.

## **WHY WE DO IT — SOCIAL INVESTMENTS**

We are working to balance the budget, build a vibrant economy and ensure our communities are strong and protected.

Madam Speaker, these are great goals, and the experts and the data confirm that we are on the right track.

However, we don't do it for the accolades of credit rating agencies, though they are nice to have.

This is a province with almost 4.7 million people who all rely on government to some extent to meet some fundamental needs.

People want to be healthy and happy, they want to provide a good life for themselves and their families, and they want to know how to get help when they need it.

At the most fundamental level, government's job is to help provide for these needs, and with a balanced budget, and particularly with reduced debt servicing costs, we are now in a position to do more to help people who need an extra hand.

For British Columbia's most vulnerable citizens, the strength and flexibility of our social safety net is vital to health, happiness and even survival.

### **Children and Families**

That's why *Budget 2016* is providing an additional \$673 million over the next three years to the Ministry of Children and Family Development and the Ministry of Social Development and Social Innovation to support families and individuals most in need.

No child should have to live in poverty and uncertainty, and government has an amazing staff of dedicated professionals who, along with countless dedicated individuals in service agencies, foster families and other areas of support, have spent their careers on the frontlines working to make life better for these children.

This is some of the most important work there is, and in *Budget 2016* we are doing more to help them get that job done.

This budget provides an extra \$217 million over three years for the Ministry of Children and Family Development to go towards helping our most vulnerable children and families, including implementing recommendations in the Plecas report.

This new investment will fund more than 130 new staff, including 100 additional frontline social workers, resources for further training, quality assurance, and technology.

And more specifically, this new investment includes:

- \$152 million to strengthen programs and services that provide for the welfare of children and youth, including child protection, children and youth in care, and family supports.
- \$11 million to support child care centres.
- \$51 million for children and youth in care with special needs, as well as autism programs, to meet increasing demand in that area.
- \$3 million over three years to support adoption service and facilitate the adoption of children in care.

And it's not just government that wants to do more for our most vulnerable children.

### **Agriculture measures**

To promote and acknowledge the generosity of our agri-food sector, effective tomorrow a new non-refundable farmers' food donation tax credit is being introduced.

The tax credit is available to individuals and corporations that carry on the business of farming and donate a qualifying agricultural product to a registered charity that provides food to those in need or helps to operate a school meal program.

As well, funding will continue for the B.C. Agriculture in the Classroom Foundation to ensure the continuance of the school fruits, vegetable and dairy program, which now serves fresh B.C. agricultural products to 549,000 students in more than 1,400 First Nations and public schools.

### **Social Development and Social Innovation**

We are also making sure our social safety net is there for other vulnerable British Columbians.

That is why *Budget 2016* provides an extra \$250 million over the next three years to the Ministry of Social Development and Social Innovation for individuals and families in need, addressing caseload pressure for temporary income assistance, disability assistance and related supplementary benefits.

An additional \$36 million over three years is being provided to Community Living BC to support services for individuals with developmental disabilities and their families, and to address continued caseload growth and demand for services.

There is a measure of independence in daily life that many of us take for granted.

To support the goals established in Accessibility 2024—this government's plan to make B.C. the most progressive province in Canada for people with disabilities—*Budget 2016* provides \$170 million over three years to increase income assistance rates for Persons with Disabilities. This increase in rates will take effect Sept. 1, 2016.

In addition to being challenged by rates that haven't changed in a number of years, depending on where you live, you may or may not receive assistance for a basic need like transportation costs.

Some get \$52 for a bus pass. Others get a special transportation subsidy. Almost half of those on disability assistance, roughly 47,000 people, get nothing.

We think that's unfair, and we think all British Columbians... no matter where they live... deserve to have their need to move about taken into account.

That's particularly true for those with disabilities.

Disability Assistance is there to promote greater independence for people with disabilities, and transportation is fundamental to independence.

Rather than providing a transportation subsidy that only benefits some, effective Sept. 1, irrespective of where they live, those on disability assistance will be receiving an increase—up to \$77 per month and the freedom to make their own choice about how to meet their own unique transportation needs.

This won't eliminate the challenges those living with disabilities face, and it won't suddenly make life easier, but we hope it will help make life a little less hard.

The measure of any society is reflected in the degree to which it is willing to help the most vulnerable and create the kind of supports that will truly make a difference in their lives.

For these British Columbians, we want to be able to provide the help they need to be happy, healthy, productive and as independent as possible in their lives.

That's what our social safety net is there for.

## **HEALTH MINISTRY SPENDING**

In fact, Madam Speaker, we all use our social safety net at one time or another, and that is particularly true when it comes to our health care system.

British Columbia is recognized as a Canadian leader in health and wellness.



The Conference Board of Canada's report on health ranks B.C. as third in the world for health performance, behind only Switzerland and Sweden, and is ranked the number one province in Canada.

This high ranking reflects the priority government places on the health and quality of life of British Columbians—successes achieved while maintaining among the lowest per capita health care spending in the country.

It's also a reflection of a growing awareness on the part of British Columbians themselves that by far the biggest determinant of health outcomes is the decisions we make about our own lifestyles... healthy diets and staying active.

*Budget 2016* continues to add more dollars to health care with \$3.2 billion of additional funding overall for the Ministry of Health in the next three years compared to its 2015-16 budget.

In the third year alone, we forecast an increase of \$560 million compared to the previous year, bringing the annual ministry budget to a forecast \$19 billion in 2018-19.

By comparison, when I arrived in this place exactly 22 years ago tomorrow, the health budget was \$6.4 billion.

And for those facing the scourge of mental illness, this Budget adds to the \$1.4 billion already being spent on mental health treatment and supports.

In addition, we've allocated \$101 million to construct a 105-bed mental health facility in Coquitlam to help patients who are severely addicted and mentally ill.

This Coquitlam facility will complement the services that are available or will soon be available at:

- Greta & Robert H.N. Ho Centre for Psychiatry and Education (HOpe Centre) at Lions Gate Hospital, North Vancouver.
- Joseph and Rosalie Segal Family Health Centre at Vancouver General Hospital.
- Maples Treatment & Provincial Assessment Program, Coquitlam.
- Royal Columbian Hospital—mental health facility, New Westminster.

## **MSP CHANGES**

Madam Speaker, British Columbians enjoy world-class health care but this care comes at a cost.

In fact, total spending on health across all ministries is already forecast to be nearly \$20 billion.

And MSP premiums fund only a small part of that investment, and those premiums should be distributed fairly, equitably, and in a way that makes sense.

That's why starting Jan. 1, 2017, we will be changing MSP premiums and enhancing premium assistance to improve fairness and help B.C. families with the cost of living.

To begin with, all children will be exempted from MSP premiums and the monthly rate for each household will be based only on the number of adults. An adult couple will pay twice the single adult rate.

This will be of particular advantage for single parent families, who often have to work much harder to do more with less.

Under these changes, a household with one parent and two children will be charged the single adult rate, rather than the three-person rate as they are today. At a minimum, this family will save \$864 per year and, depending upon income, could save up to \$1,224 per year.

We are also investing an additional \$70 million annually to enhance premium assistance, helping more lower-income families, seniors and individuals qualify for reduced rates.

This change means that:

- a couple will be able to earn up to \$45,000 and qualify for reduced premiums.
- a single parent with two children will be able to earn up to \$48,000 and qualify for reduced premiums.
- a couple with two children will be able to earn up to \$51,000 and qualify for reduced premiums.
- and a senior couple will be able to earn up to \$51,000 and qualify for reduced premiums.

I know that some people have advocated eliminating separate MSP premiums altogether. But burying MSP into instruments of general taxation doesn't make them go away. It merely hides them and may create for some the illusion that health care is free, which it certainly isn't.

By making children free and expanding premium assistance, an additional 335,000 people will see their premiums reduced, including 70,000 single parent families. An additional 45,000 people will no longer pay MSP premiums at all.

All told, these changes mean nearly two million British Columbians, or more than 40% of the population, won't pay MSP premiums, and an additional 335,000 British Columbians will be eligible for reduced premiums.

## **HOUSING AFFORDABILITY**

Madam Speaker, one of the most basic needs in life... one that makes so many of life's ups and downs easier to bear... is knowing you have a home to go to at the end of the day.

Is there anything more reflective of who we are as Canadians than the dream of owning a home... and the ability to make that dream a reality.

For many B.C. families, that reality has become harder to achieve in recent years as home prices have continued to rise.

British Columbians are seeking explanations and solutions for a sharp rise in the price of homes in some areas of the province—particularly the Lower Mainland.

And the truth is that despite what many people seem to think, the causes of rising property values are complex and really can't be attributed to any single factor.

One of the ways we can better understand what's actually driving property prices in the province, is to collect additional data on purchasers.

The government stopped collecting data that specifically identified foreign purchasers in 1998. We believe there is a legitimate need to resume that process again.

Therefore, beginning in the summer, individuals who purchase property will need to disclose if they are citizens or permanent residents of Canada, and, if they are not, their citizenship and country of residence.

Let me be clear however: Our laws allow non-residents to own property and our government continues to welcome, indeed encourages, those who choose to come to our province to invest, create new jobs, and hopefully make their lives here and contribute to the social and economic fabric of our communities.

We are proud of the diversity in our communities. That diversity makes us stronger.

As a government, we are committed to working on solutions to the affordability of housing, but we also have to be cautious to ensure we create a plan that will truly create positive change.

That means we cannot simply focus on measures to help more people enter the market without also striving to increase the available supply of housing to meet that new demand.

Without an increase in housing supply, there will simply be more buyers competing in the same market, ultimately driving prices even higher.

All governments and stakeholders have to work together to make sure the supply is there to meet increased demand.

Since being introduced by the Vander Zalm government in the 1980s, the basic calculation and thresholds for the Property Transfer Tax remained unchanged despite dramatically increased property values.

That will change effective Feb. 17, 2016. The purchase of a qualifying new home valued at up to \$750,000 will become totally exempt from the Property Transfer Tax.

Again, that's new housing...new additions to the housing supply and it represents a saving to the purchaser of that new home of up to \$13,000.

The cost of this measure to the Treasury will be offset by adding a third tier to the property transfer tax rate, increasing the rate from 2% to 3% on the value of property above \$2 million.

Once again this year, *Budget 2016* holds the line on provincial school and rural-area residential property taxes, following our long-standing policy of setting property tax rates so that taxes increase only by the rate of inflation.

We will also help individuals with disabilities with the rising cost of their special needs by providing the Home Renovation Tax Credit to those with disabilities.

This is a tax credit that provides \$1,000 annually to help with the cost of certain permanent home renovations that improve accessibility, mobility or functionality in a home.

We can help more people afford to purchase a home, but municipalities must also do their part on the supply side.

That means reducing red tape, costs and fees, as well as ensuring developments can be approved in a timely fashion.

Regrettably, there are reports of some local governments taking up to two years to approve a residential housing development.

That means in some municipalities, even if a builder were to put in an application tomorrow, you wouldn't see shovels in the ground until early 2018.

Some local governments are already doing a good job of trying to move their processes forward to get housing approved.

Penticton, for example, recently concluded a three-way agreement that is adding 70 units of housing for low to moderate income families and individuals.

We need more of this kind of collaboration, and I urge municipal leaders to work together through UBCM to share best practices and find ways to streamline these processes.

Municipal leaders responsible for local zoning regulations and regional directors responsible for planning must also contribute by using the tools at their disposal to help improve the supply of new housing at prices that are affordable.

Although many are urging the provincial government to step in legislatively to address these issues, we see this as a last resort and believe that if the will truly exists, local governments will do their part to help make the dream of home ownership a reality for more British Columbians.

While we work to help more British Columbians work towards owning a home, we must not overlook the many low-income and vulnerable British Columbians for whom home ownership will remain a dream.

*Budget 2016* includes new taxpayer-supported infrastructure spending of \$355 million by the BC Housing Management Commission over the next five years.

This new program will increase the supply of housing across the province through the construction and renovation of more than 2,000 units of affordable housing for people with low to moderate incomes.

We have worked to identify a number of projects through the Provincial Investment in Affordable Housing Initiative that can proceed quickly, so more vulnerable British Columbians will have a roof over their heads as quickly as possible.

These projects will help those at risk of homelessness, low-income families and individuals, seniors and aboriginals.

Having a safe and secure place to call home is a basic human need, and it's one we are committed to continuing to work on so that all British Columbians have that same opportunity for a place to call home.

## **B.C. TRAINING AND EDUCATION SAVINGS PROGRAM**

And within those homes will reside our most valuable asset of all...our children.

And we know that with the exception of the love and care they receive from their parents and families, the greatest determinant of their success, including owning their own home one day, is the access they have to post-secondary training.

Back in 2013, we announced the BC Training and Education Savings Program, which provides a one-time \$1,200 grant to the Registered Education Savings Plans of eligible B.C. children born on Jan. 1, 2007, or later.

Thousands of families have already taken advantage by establishing an RESP and registering for this program that helps parents plan and save early for their child's education after high school so they can get the training they need to succeed.

This year, we will be spending \$39 million to extend the program to eligible children born on or after Jan. 1, 2006, so that an additional 40,000 plus children are better positioned to make their dreams a reality.

## **B.C. PROSPERITY FUND — TODAY'S PROSPERITY, TOMORROW'S PROMISE**

Madam Speaker, *Balanced Budget 2016* is a budget for a province poised to take advantage of our opportunities:

- Four successive balanced budgets.
- The strongest growth forecast among provinces.
- On track to eliminate our direct operating debt.
- Services that support our citizens.
- A plan to enhance and continue diversifying and growing our economy to create good, family-supporting jobs.

Recognizing our province is on a positive path and generating dividends from that success, our government will this year keep a commitment made to British Columbians.

*Budget 2016* will establish a B.C. Prosperity Fund, with an inaugural commitment of \$100 million from the forecast 2015-16 surplus.

The Prosperity Fund will be long-term legacy intended to:

- help eliminate the Province's debt over time;
- make investments in health care, education, transportation, family supports and other priorities that provide future benefits to British Columbia; and
- preserve a share of today's prosperity for future generations.

As we continue to ensure a balanced budget provides surpluses, so too will we ensure a portion of those surpluses will be set aside to benefit future generations.

The first priority will continue to be reducing our borrowing requirements and retiring taxpayer-supported debt—a minimum of 50% of each year's allocation to the fund will be devoted to reducing the burden of taxpayer-supported debt on future generations.

We will have a modest opportunity to make investments in health care, education, transportation or other priorities that provide long-term benefits to British Columbia.

And a minimum of 25% will remain in the fund to grow and serve as an endowment for future generations.

While today's initial investment is modest, future government surpluses and anticipated future revenues will help grow the savings over time.

A lasting legacy of today's prosperity and responsible fiscal management to support and ensure the prosperity of British Columbians in the future.

## CONCLUSION

So... we're on track! We're balanced! We're strong! We're better equipped than any other jurisdiction in Canada to deal with the looming uncertainty and economic headwinds we see building internationally! We're leading the nation!

And the "experts" hail us as the envy of the nation and the example that others should follow.

That's great news... but with the greatest of respect to the economists and rating agencies, it's not what motivates us each day and drives us forward.

No... for that we look to an entirely different kind of report card... the one issued by British Columbians themselves.

Like the report card issued by Chief Jonathan Kruger of the Penticton Indian Band when he commented upon the success of the Band's Development Corporation:

"We're breaking records every year for the amount of band members working. The sub-trades are really busy and it's a good injection into the local economy."

"It's great to see so many young people working. It really warms my heart and gives them an opportunity to live better lives. It will mean better services and infrastructure for our community, like streetlights, sidewalks, schools and language programs."

Or the remarkably poignant report card issued by Jodi, a single parent, describing the single parent employment initiative:

"If it wasn't for this program, I don't know where I would be career-wise right now. The fact they are able to contribute to child care, living expenses, travel expenses and your general income is just amazing."

"There is nothing more satisfying than knowing that I will be able to build a better life for my kids once I graduate. I want my children to know that if you really dedicate yourself to something, you can go somewhere in life. And I want to encourage other single parents on assistance to join the program, find a career and have hope."

No... triple-A is important but not just because of what it says about us to the rest of the world. Within B.C. triple-A has another meaning... accountable, assured, advancing.

The BC advantage is back! Earned and re-established by British Columbians themselves through their hard work, their discipline, and their determination.

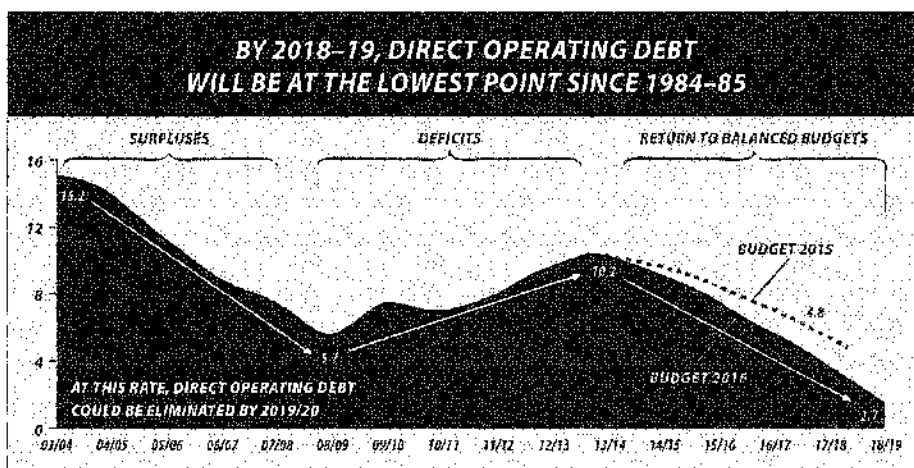
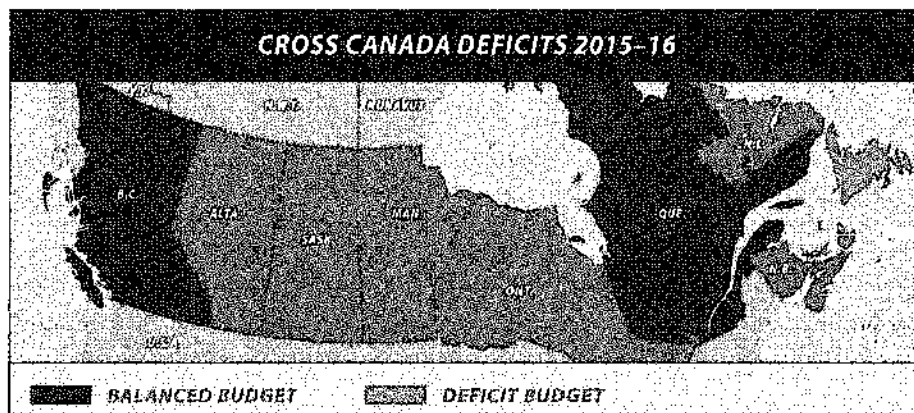
Today we can reflect proudly on the example we are setting for our children and for our country as we lead Canada into a future where the hopes, dreams and aspirations of all can become a reality... and that's a report card we can all celebrate!

# Strong Fiscal Management Pays Dividends

## BALANCED BUDGET 2016 HIGHLIGHTS

### FOUR IN A ROW: BALANCING THE BUDGET

B.C. is forecast to end 2015–16 with a surplus of \$377 million. Budget 2016 projects modest surpluses in all three years of the fiscal plan and invests \$1.6 billion in new incremental spending over three years, plus annual increases of 3% for health care — nearly \$500 million of which is funded by lower interest costs due to the retirement of operating debt. Since 2013–14, we have reduced our direct operating debt by \$2.2 billion and by the end of the current fiscal plan, direct operating debt is projected to be at its lowest point in more than 30 years — with the possibility to be operating debt free by 2020 for the first time since 1975.



*With a track record of successive balanced budgets and steady economic growth, B.C. remains in a fiscal position envied by many jurisdictions around the world. With Budget 2016 we are providing new and increased funding for services, helping to ease the cost of living and taking new steps to address housing prices. Our commitment to strong fiscal discipline and reducing operating debt is paying dividends to the people of B.C.*

HONOURABLE  
MICHAEL DE JONG, Q.C.  
MINISTER OF FINANCE







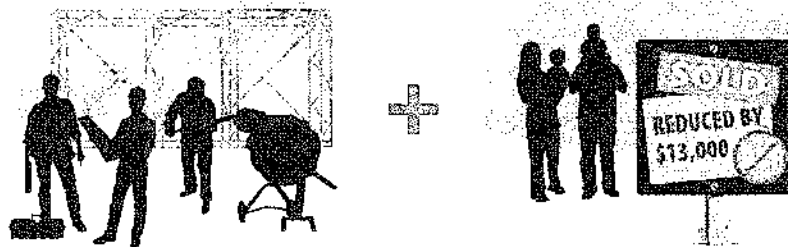
### **EXPANDED: TRAINING AND EDUCATION SAVINGS GRANT**

In 2013, we introduced the BC Training and Education Savings Program, which provides a one-time, \$1,200 grant to the Registered Education Savings Plans of eligible B.C. children born on or after Jan. 1, 2007. To help even more parents and families save early for their child's education, Budget 2016 provides \$39 million in 2015-16 to extend the program to children born on or after Jan. 1, 2006.

## **IMPROVING HOUSING AFFORDABILITY**

To help every British Columbian realize the dream of home ownership, Budget 2016 introduces measures to improve housing affordability:

**PROPERTY TRANSFER TAX:** A new full exemption for newly built homes up to \$750,000, saving buyers up to \$13,000 on the purchase of a new home, with a partial exemption up to \$800,000. Costs of the New Housing exemption will be offset by increasing the property transfer tax rate to 3% from 2% on the portion of fair market value over \$2 million.



**AFFORDABLE HOUSING:** \$355 million by the BC Housing Management Commission over five years to support more than 2,000 new units of affordable housing for people with low-to-moderate incomes.

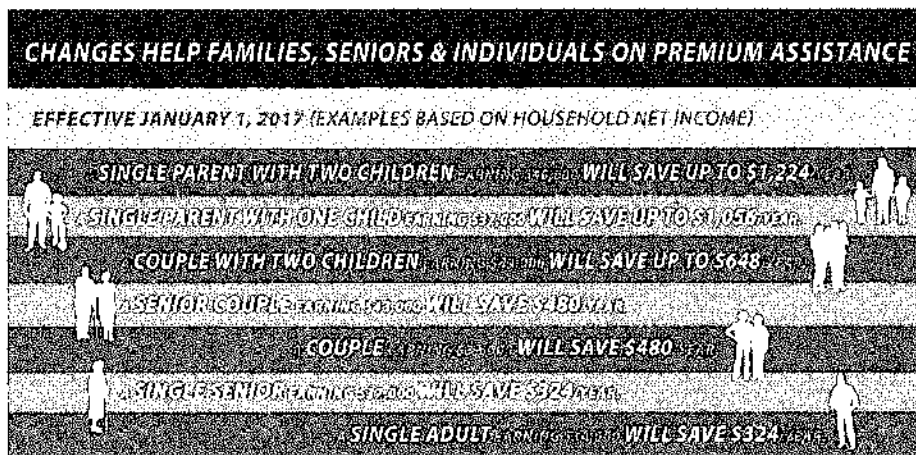
**RENTAL HOUSING:** Continuing partnerships with municipalities and community groups to create more affordable housing in B.C. For example, the Community Partnership Initiatives program provides advice and low interest financing to non-profits to help them develop affordable housing, contributing to more than 3,300 new units of affordable housing.

**DATA COLLECTION:** Starting this summer, individuals who purchase property will need to disclose if they are Canadian citizens or permanent residents of Canada, and if neither, their home country. These changes will provide information on the volume of foreign investment in B.C.

**HOME RENOVATION TAX CREDIT:** Expanded to include persons with disabilities. This tax credit provides up to \$1,000 annually to help with the cost of certain home renovations to improve accessibility, helping seniors and persons with disabilities be more functional or mobile at home.

## HELPING FAMILIES WITH THE COST OF LIVING

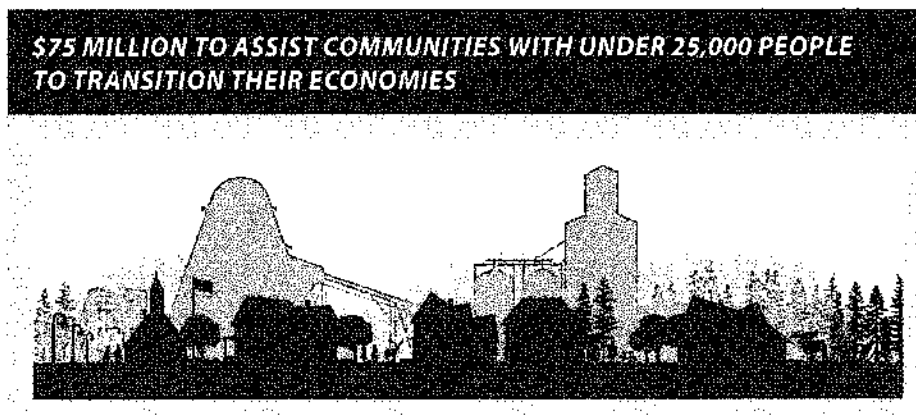
Changes to Medical Services Plan (MSP) premiums and enhanced premium assistance effective Jan. 1, 2017, will help lower-income families, individuals and seniors with the cost of living. All children will be exempt from MSP premiums, directly benefiting about 70,000 single-parent families. By making children free and expanding premium assistance, an additional 335,000 people will see their premiums reduced and an additional 45,000 people will no longer pay MSP premiums at all.



## SUPPORT FOR RURAL COMMUNITIES

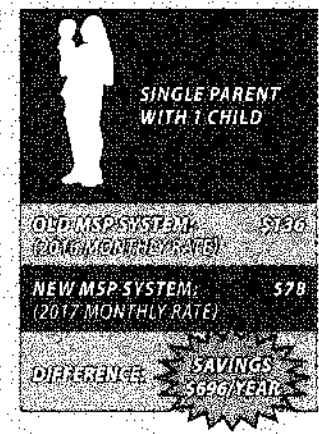
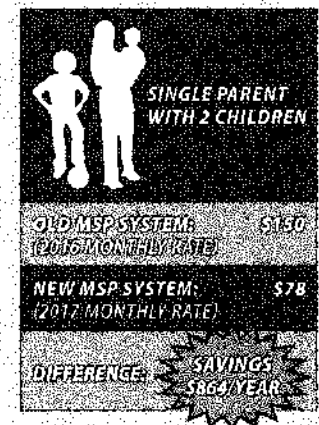
To help rural communities reinvigorate and diversify their economies, we are investing \$75 million over three years to the Rural Dividend Program.

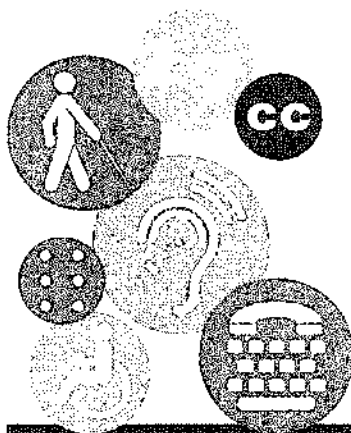
Recognizing the importance of public transportation, we are investing \$7 million to expand service in BC Transit's operating area.



### MSP CHANGES HELP SINGLE-PARENT FAMILIES SAVE MONEY

The calculation of MSP premiums will no longer include children, ensuring that all children are treated the same regardless of family composition. The measure will provide a significant benefit to single-parent families, who will pay up to \$72 per month less than they pay in 2016.





### INCREASED SOCIAL ASSISTANCE DISABILITY RATES: WHAT IT MEANS

To support our plan to make B.C. the most progressive province for persons with disabilities, Budget 2016 provides \$170 million over three years to increase income assistance rates for persons with disabilities. Effective Sept. 1, 2016, all persons on disability assistance will receive an increase — up to \$77 per month.

## SUPPORTING B.C.'S MOST VULNERABLE

For British Columbians whose health, safety and well-being depend on quality social programs and services, Budget 2016 provides an additional \$673 million over the next three years to the Ministry of Children and Family Development and the Ministry of Social Development and Social Innovation. This includes:

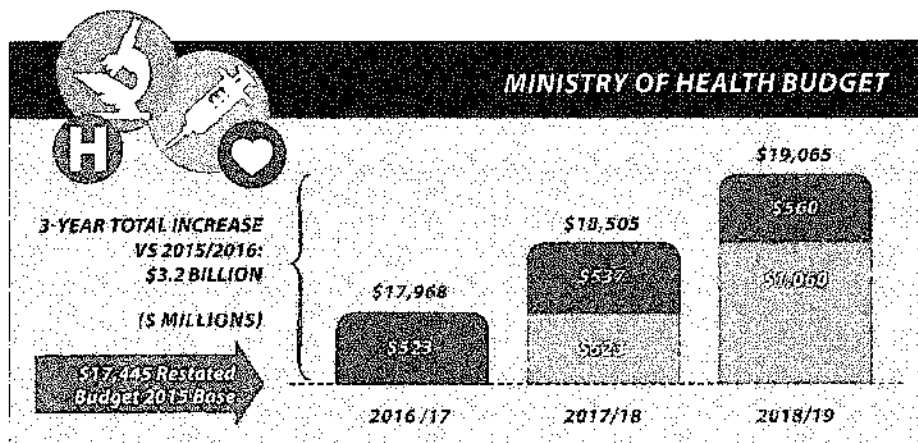
- » \$217 million to support vulnerable children and families and implement recommendations in the Plecas report.
- » \$286 million to address caseload pressures in temporary income assistance, disability assistance and related supplementary benefits, including \$36 million to Community Living BC.
- » \$170 million to increase income assistance rates for Persons with Disabilities.

## KEEPING COMMUNITIES SAFE

Safe and healthy communities are the foundation of a vibrant B.C. That's why we are making significant investments in 2015–16 for community safety including:

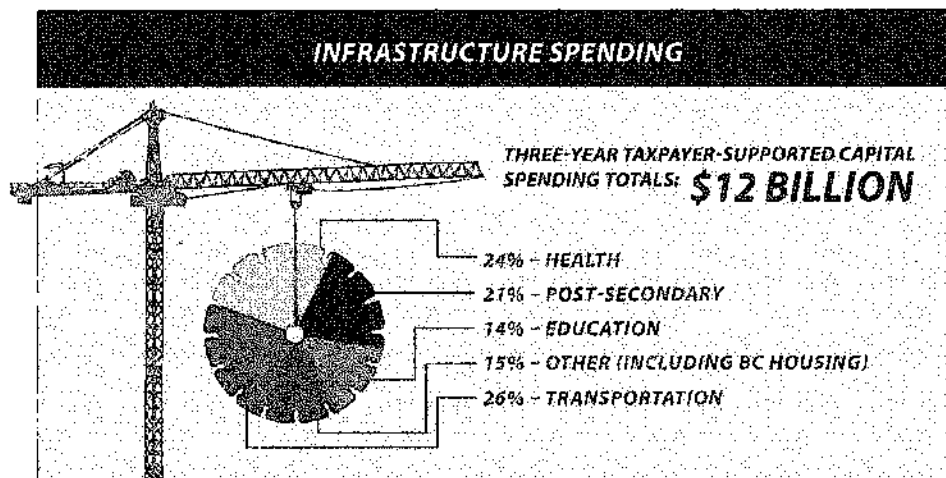
- » \$5 million for the Guns and Gangs strategy.
- » \$85 million to establish a new organization — the Forest Enhancement Society of BC — that will work towards wildfire prevention and mitigation through forest fuel management, reforestation and habitat restoration.
- » \$10 million for the Strategic Wildfire Prevention Initiative for Community Wildfire Protection Plans, Fire Smart Planning Activities and Fuel Management Projects.
- » \$55 million in emergency preparedness and prevention initiatives, such as upgrades to dikes and flood protection.
- » \$10 million to help bolster training, administrative support and equipment renewals for volunteer ground search and rescue organizations.

## BOOST TO HEALTH CARE



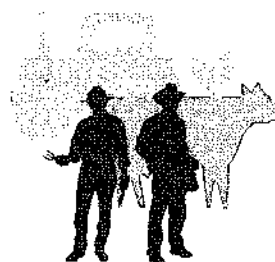
## INVESTING IN THE FUTURE WORKFORCE

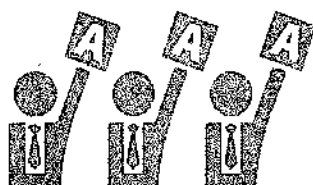
By 2024, 78% of jobs will require some form of post-secondary education and training. To ensure we continue to develop a knowledgeable, skilled workforce, Budget 2016 provides an additional \$8 million over three years for youth trades training as part of the *Skills for Jobs Blueprint*. This will help even more of our young people access opportunities in B.C.'s growing industries.



## NEW TAX CREDIT FOR FARMERS

Farmers' Food Donation Tax Credit worth 25% of the fair market value of qualifying agricultural products donated to a registered charity that provides food to people in need or to help a school meal program.





### BRITISH COLUMBIA'S TRIPLE-A CREDIT RATING

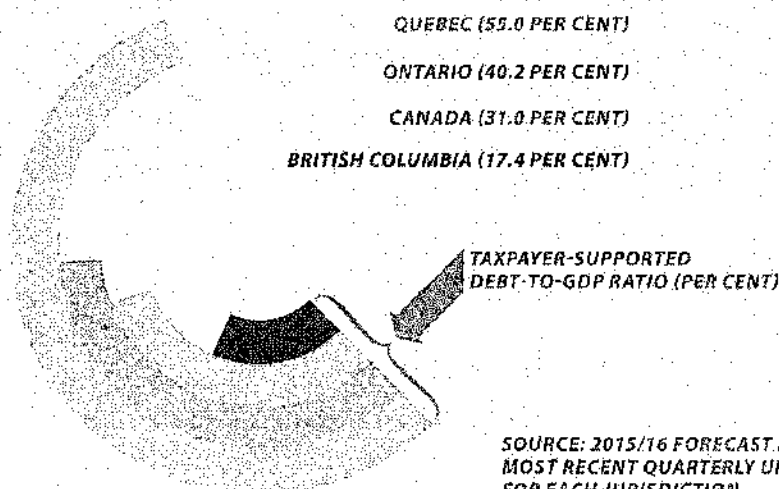
Our record of fiscal restraint and solid economic growth is consistently recognized by credit rating agencies. B.C. remains the only province with a triple-A credit rating and stable outlook from both Moody's and Standard & Poor's.



## Credit Rating

— THE HIGHEST STANDARD AVAILABLE

### B.C.'S LOW DEBT-TO-GDP RATIO SUPPORTS AAA RATING



## SAVING FOR TOMORROW: BC PROSPERITY FUND

Budget 2016 establishes the BC Prosperity Fund with an inaugural commitment of \$100 million from the forecast 2015–16 surplus to establish this long-term legacy intended to:

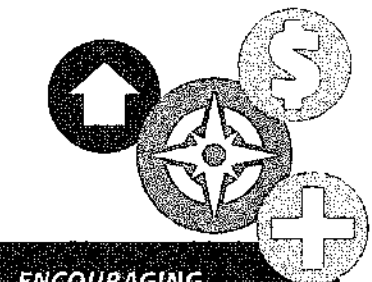
- » Help eliminate the Province's debt over time.
- » Make investments in health care, education, transportation, family supports and other priorities that provide future benefits to B.C.
- » Preserve a share of today's prosperity for future generations.

## OPENING OUR DOORS TO THE WORLD

**INTERNATIONAL MARITIME CENTRE:** For the second year of funding, Budget 2016 provides another \$1 million to attract more international shipping companies to B.C. and the businesses and jobs that support them. Last year, we welcomed the first shipping company to open a new office in Vancouver since re-establishing the centre — Singapore-based AAL.

**STRENGTHENING TIES WITH INDIA:** We are targeting \$5 million over the fiscal plan to promote a stronger B.C. wood brand in India. This funding will help B.C. companies establish themselves as the world's leading supplier of sustainably harvested wood products to one of the world's fastest-growing emerging markets.

**INVESTMENT IN AEROSPACE:** In the third year of funding, Budget 2016 provides up to another \$1 million to support B.C.'s aerospace industry and attract more global business and investment to the province.

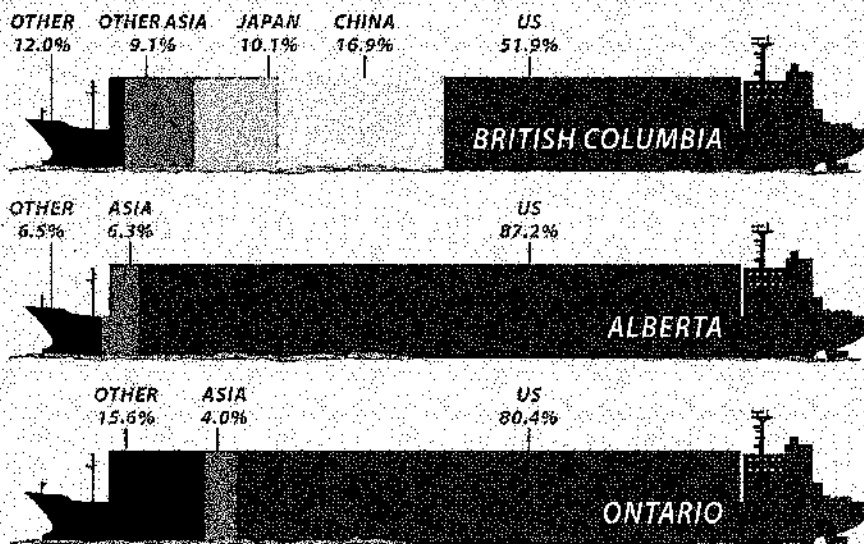


### ENCOURAGING INVESTMENT IN SMALL BUSINESS

The Small Business Venture Capital Tax Credit budget is being increased by \$5 million to encourage even more investment in B.C. small businesses.

### ABOUT 36% OF B.C.'S EXPORTS GO TO ASIA

2015 AVERAGE ANNUAL SHARE OF INTERNATIONAL GOODS EXPORTS BY PROVINCE



SOURCE: BC STATS





## LOWEST OVERALL TAXES

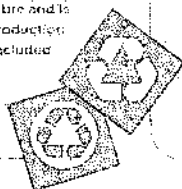
British Columbians continue to have one of the lowest overall tax burdens in Canada when all taxes are considered — including income tax, consumption tax, health care premiums and payroll tax.

## For More Information

Budget 2016 Details:  
[www.bcbudget.ca](http://www.bcbudget.ca)

Ministry of Finance:  
[www.gov.bc.ca/fin](http://www.gov.bc.ca/fin)

This document was printed on environmentally conscious Elemental Chlorine free paper, contains recycled fibre and is 100% recyclable. Production of this document included best practices for conservation. Please Recycle, Reuse and Recycle.



### 2016 BREAKDOWN OF TOTAL BC TAX: \$9,716

Provincial Income Tax: \$2,503

Net Property Tax: \$2,444

Sales Tax: \$1,514

Fuel Tax: \$218

Net Carbon Tax: \$236

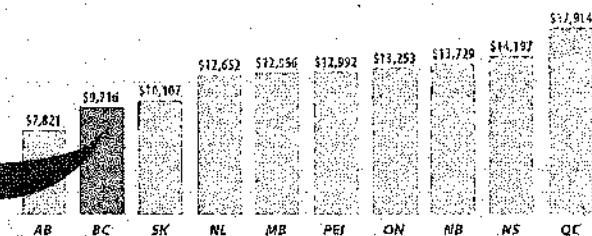
Health Care Premiums: \$1,800

Total Provincial Tax



## TWO-INCOME FAMILY OF 4 \$90,000 INCOME

### 2016 COMPARISON OF PROVINCIAL TAXES BY PROVINCE



### 2016 BREAKDOWN OF TOTAL BC TAX: \$6,446

Provincial Income Tax: \$635

Net Property Tax: \$2,352

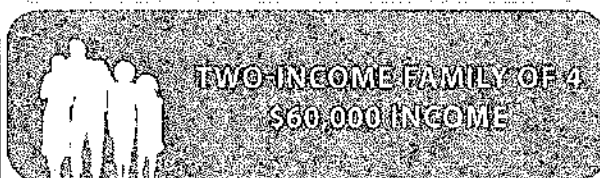
Sales Tax: \$1,234

Fuel Tax: \$218

Net Carbon Tax: \$208

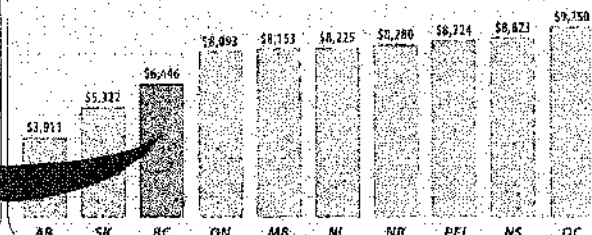
Health Care Premiums: \$1,800

Total Provincial Tax



## TWO-INCOME FAMILY OF 4 \$60,000 INCOME

### 2016 COMPARISON OF PROVINCIAL TAXES BY PROVINCE



### 2016 BREAKDOWN OF TOTAL BC TAX: \$7,828

Provincial Income Tax: \$3,982

Net Property Tax: \$1,429

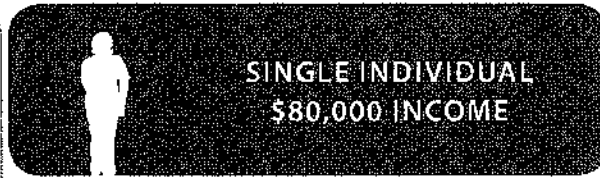
Sales Tax: \$1,114

Fuel Tax: \$218

Net Carbon Tax: \$186

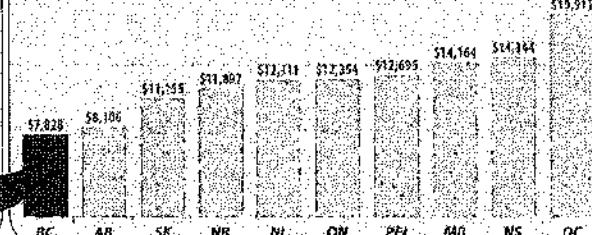
Health Care Premiums: \$800

Total Provincial Tax



## SINGLE INDIVIDUAL \$80,000 INCOME

### 2016 COMPARISON OF PROVINCIAL TAXES BY PROVINCE



### 2016 BREAKDOWN OF TOTAL BC TAX: \$3,023

Provincial Income Tax: \$0  
 Health Care Premiums: \$0

Net Property Tax: \$2,077

Sales Tax: \$850

Fuel Tax: \$145

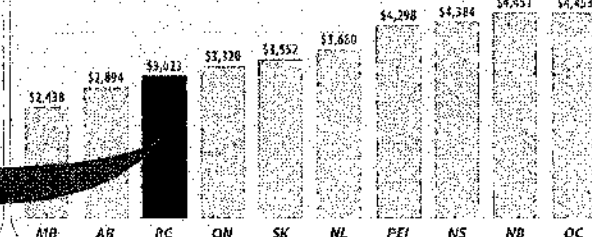
Net Carbon Tax: \$51

Total Provincial Tax



## SENIOR COUPLE EQUAL PENSIONS \$30,000 INCOME

### 2016 COMPARISON OF PROVINCIAL TAXES BY PROVINCE



## McLachlin, Jessica GCPE:EX

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**From:** McLachlin, Jessica GCPE:EX  
**Sent:** Tuesday, February 16, 2016 1:44 PM  
**To:** 'Enchin, Harvey (Vancouver Sun)'  
**Subject:** Minister de Jong op-ed

Hi Harvey – here is Minister de Jong's op-ed.

### **Budget 2016 meets today's needs while planning for tomorrow**

**By Michael de Jong**  
**Minister of Finance**  
February 16, 2016

Each and every day, British Columbians make tough choices about how to spend their hard-earned money to take care of themselves and their families. So it's not surprising B.C. taxpayers expect government to make good decisions when it comes to their tax dollars. In Balanced Budget 2016, government's prudent forecasting, careful spending and commitment to reducing operational debt is paying dividends to British Columbians.

Not only has this government posted a fourth consecutive surplus, but over the course of the fiscal plan we're providing \$1.6 billion in new and increased spending on core services, in addition an annual 3% increases in the Ministry of Health budget. Better yet, \$500 million of this new funding is money saved in interest payments from paying down operational debt to the tune of \$2.2 billion dollars since getting back to balanced budgets.

Among our priority investments is addressing the cost of housing. Relatively high housing prices in B.C., particularly in the Lower Mainland, are being driven by increased demand thanks to B.C.'s economic and population growth, along with constrained geography and a lack of available land. That's why creating new housing supply is critical to improving affordability in the real estate market, and government is acting to help the housing market supply more homes.

Budget 2016 provides immediate measures to help bring the dream of homeownership within reach, including a full exemption from the property transfer tax on newly constructed homes up to \$750,000. This includes condominiums and townhouses. The new exemption will save purchasers up to \$13,000 on a new home and is expected to benefit owners of about 22,000 new homes in 2016, many in the Vancouver area. We're also working to increase supply and improve affordability for those with low to moderate incomes by investing \$355 million over the next five years to build and renovate more than 2,000 units of affordable housing.

Housing affordability is a complex issue and more information is needed to better understand what's driving increasing values, particularly in the Lower Mainland. Starting this summer, the Province will resume collecting data that specifically identifies foreign purchasers – government stopped collecting this information in 1998. Generating new data will allow government to monitor the volume of foreign investment and the use



of bare trusts and assess what, if any, effect they have on pricing. BC Housing is also conducting a study on key factors affecting housing affordability in B.C.

This budget also makes changes to Medical Services Plan (MSP) premiums, including enhanced premium assistance to help lower-income families, individuals and seniors with the cost of living. Premiums will no longer be charged for children, and this is a particular benefit for 70,000 single-parent families who will now only pay for the adult. These changes to MSP premiums mean that 45,000 people will no longer pay premiums at all and an additional 335,000 people will see their premiums reduced. Once the changes have been implemented, nearly two million British Columbians, or more than 40% of the population, will pay no premiums at all.

While our social safety net benefits all British Columbians, it's a reality that some children, individuals and families need extra help to overcome life's hardest challenges. Budget 2016 provides an additional \$673 million over three years for children, families and individuals in need, with \$217 million going to help vulnerable children and their families and \$456 million to help other individuals in need, including an increase in monthly disability income assistance rates—up to \$77 per month.

The budget also uses today's fiscal strength to ensure a portion of surpluses are set aside to benefit future generations. The BC Prosperity Fund, which begins with an inaugural commitment of \$100 million of the forecast 2015-16 surplus, is being established to:

- Help eliminate the Province's debt over time.
- Invest in health care, education, transportation, family supports and other priorities.
- Preserve a share of today's prosperity for future generations.

By showing discipline in tough fiscal times, we've been able to free up hundreds of millions of dollars for reinvestment in expanded programs and services for the people of B.C. who rely on them. Budget 2016 continues this province on the path to success, meeting today's needs while working toward a bright future for this province.

**Jessica McLachlin**  
Communications Manager  
Ministry of Finance  
250 356-9872  
cell 250 886-7738

## SDSI – Disability Assistance Rates

**Q** Why has it taken so long for government to increase the monthly Disability Assistance rates for Persons with Disabilities?

**A** Key Messages:

- In June 2014, Premier Christy Clark announced the release of *Accessibility 2024*, government's 10-year plan to make B.C. the most progressive province in Canada for persons with disabilities.
- One of government's commitments in *Accessibility 2024* was to consider disability assistance rate increases as the fiscal situation allowed.
- In November 2015, based on consultations with citizens across the province, the Select Standing Committee on Finance and Government Services recommended that government review increasing the monthly disability assistance rate to reflect cost of living in B.C.
- With a strategic framework in place that has been informed through consultation the Province is now well positioned to increase disability assistance rates.

### Background:

- Approximately 100,000 persons with disabilities receive disability income assistance in B.C.
- Disability Assistance rates were last increased by \$50 (shelter rates) in 2007 and \$70 in 2005.
- Implementing the \$77/month disability rate increase effective September 1, 2016 will cost \$170.2M over three years, net of savings from the Bus Pass and Special Transportation Subsidy programs.

\$ million			
2016/17	2017/18	2018/19	3 Year Total
35.814	65.200	69.200	170.214

- The \$77/month rate increase will be applied as follows:

# of Clients Benefiting		Monthly Increase
47,000	Currently not receiving either bus pass or Special Transportation Subsidy	\$ 77.00
35,000	Currently receiving bus pass (equivalent to \$52/month)	\$ 25.00
22,000	Currently receiving Special Transportation Subsidy (equivalent to \$66/month)	\$ 11.00

## McLachlin, Jessica GCPE:EX

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**From:** McLachlin, Jessica GCPE:EX  
**Sent:** Monday, February 15, 2016 1:14 PM  
**To:** Leslie, Sean GCPE:EX  
**Cc:** Fillion, Corinna GCPE:EX; Anderson, Maryann GCPE:EX; Williams, Susan GCPE:EX  
**Subject:** RE: NR-BG\_PWD\_Feb112016 (4)  
**Attachments:** NR-BG\_PWD\_Feb112016 (4) - KG.DOCX

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Some suggested edits and comments from TBS.

The end of the release they are suggesting you use \$456M for the budget increase because that is going directly to programs – whereas the \$473M includes other funding.

Please give Susan Williams a call if you have any questions about the changes.

**Jessica McLachlin**  
Communications Manager  
Ministry of Finance  
250 356-9872  
cell 250 886-7738

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**From:** Leslie, Sean GCPE:EX  
**Sent:** Monday, February 15, 2016 8:33 AM  
**To:** McLachlin, Jessica GCPE:EX  
**Cc:** Fillion, Corinna GCPE:EX; Anderson, Maryann GCPE:EX  
**Subject:** NR-BG\_PWD\_Feb112016 (4)

Morning Jessica. I'm sure you're crazy busy, but would you mind taking a look at our proposed NR, possibly for release Wednesday?

Any edits, revisions, suggestions, please let me know.

Thanks and cheers!

Sean Leslie  
Senior Public Affairs Officer  
Ministry of Social Development and Social Innovation  
(250) 356-1670(o)  
(250) 893-4403(m)

Page 040 to/à Page 041

Withheld pursuant to/removed as

s.13

## McLachlin, Jessica GCPE:EX

---

**From:** Godin, Keith FIN:EX  
**Sent:** Monday, February 15, 2016 10:47 AM  
**To:** Williams, Susan GCPE:EX  
**Cc:** Enemark, Gord FIN:EX  
**Subject:** RE: For review:: NR-BG\_PWD\_Feb112016 (4)  
**Attachments:** NR-BG\_PWD\_Feb112016 (4) - KG.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Susan – please find attached with suggestions/edits

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**From:** Enemark, Gord FIN:EX  
**Sent:** Monday, February 15, 2016 9:24 AM  
**To:** Godin, Keith FIN:EX  
**Subject:** FW: For review:: NR-BG\_PWD\_Feb112016 (4)  
**Importance:** High

Hi – can you fact check please?

---

**From:** Williams, Susan GCPE:EX  
**Sent:** Monday, February 15, 2016 9:23 AM  
**To:** Enemark, Gord FIN:EX  
**Subject:** For review:: NR-BG\_PWD\_Feb112016 (4)  
**Importance:** High

Attached is another NR for review. A post budget release on SDSI supports

---

**From:** McLachlin, Jessica GCPE:EX  
**Sent:** Monday, February 15, 2016 9:22 AM  
**To:** Williams, Susan GCPE:EX; Zoeller, Sonja GCPE:EX  
**Subject:** For review:: NR-BG\_PWD\_Feb112016 (4)  
**Importance:** High

Please run this by tax policy and perhaps TBS. It's a post-budget release from SDSI focusing on new supports for people on disability assistance. I wonder about adding the home renovation tax credit too?

**Jessica McLachlin**  
Communications Manager  
Ministry of Finance  
250 356-9872  
cell 250 886-7738

---

**From:** Leslie, Sean GCPE:EX  
**Sent:** Monday, February 15, 2016 8:33 AM  
**To:** McLachlin, Jessica GCPE:EX  
**Cc:** Fillon, Corinna GCPE:EX; Anderson, Maryann GCPE:EX  
**Subject:** NR-BG\_PWD\_Feb112016 (4)

Morning Jessica. I'm sure you're crazy busy, but would you mind taking a look at our proposed NR, possibly for release Wednesday?

Any edits, revisions, suggestions, please let me know.

Thanks and cheers!

Sean Leslie

Senior Public Affairs Officer

Ministry of Social Development and Social Innovation

(250) 356-1670(o)

(250) 893-4403(m)

Page 044 to/à Page 045

Withheld pursuant to/removed as

s.13

## Title: Strong fiscal management pays dividends

### FRONT PAGE

#### MINISTER'S MESSAGE:

s.13

[signed Michael de Jong]

Honourable Michael de Jong, Q.C.

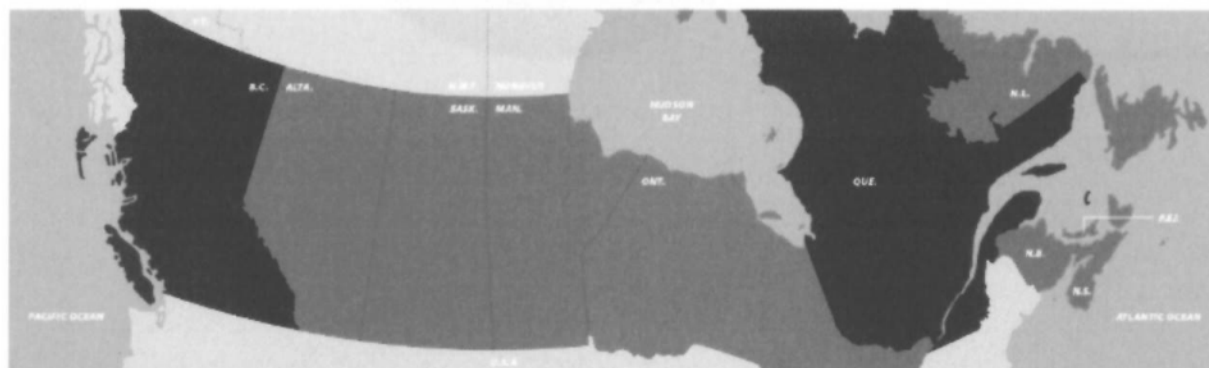
Minister of Finance

s.13

#### CROSS CANADA DEFICITS 2015-16

(EFFECTIVE JANUARY 1, 2016)

■ BALANCED BUDGET ■ DEFICIT BUDGET





**FISCAL DISCIPLINE, NEW INVESTMENTS SUPPORT B.C. FAMILIES, JOBS AND COMMUNITIES**

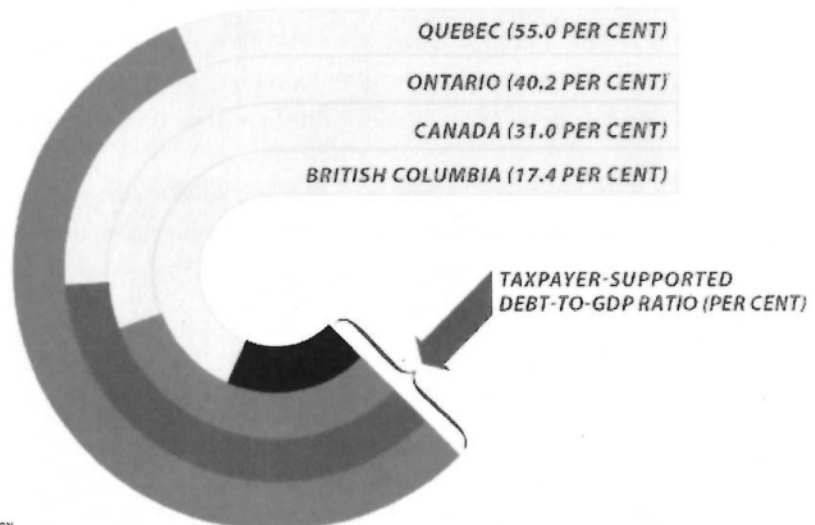
s.13

Balanced Budget 2016 invests \$1.6 billion in new incremental spending over three years, plus annual increases of 3% for health care – nearly \$500 million of which is funded by lower interest costs due to the retirement of operating debt.

**SIDEBAR: B.C.'S TRIPLE-A CREDIT RATING**

Our record of fiscal restraint and solid economic growth is consistently recognized by credit rating agencies. B.C. remains the only province with a triple-A credit rating and stable economic outlook from both Moody's and Standard & Poor's.

B.C.'S LOW DEBT-TO-GDP RATIO  
SUPPORTS AAA RATING



SOURCE: 2015/16 FORECAST FROM MOST RECENT QUARTERLY UPDATE FOR EACH JURISDICTION

## SAVING FOR TOMORROW: BC PROSPERITY FUND

Budget 2016 establishes the BC Prosperity Fund with an inaugural commitment of \$100 million from the forecast 2015-16 surplus. s.13

s.13

- Help eliminate provincial debt by putting 50% of each year's allocation ~~to the fund~~ towards reducing taxpayer supported debt.

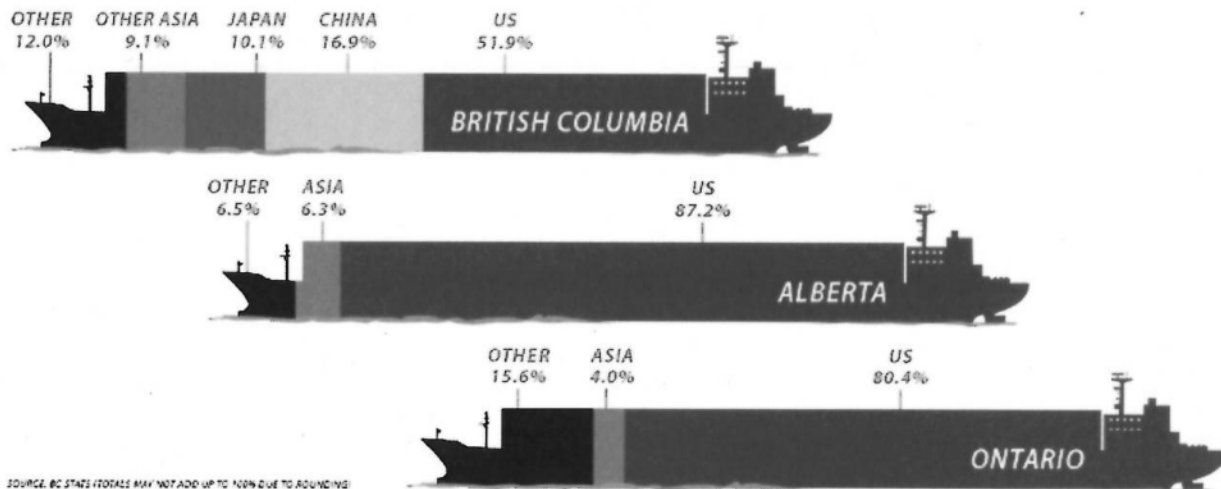
s.13

- Make modest investments in health care, education, transportation and other priorities.
- Preserve a share of today's prosperity for future generations.

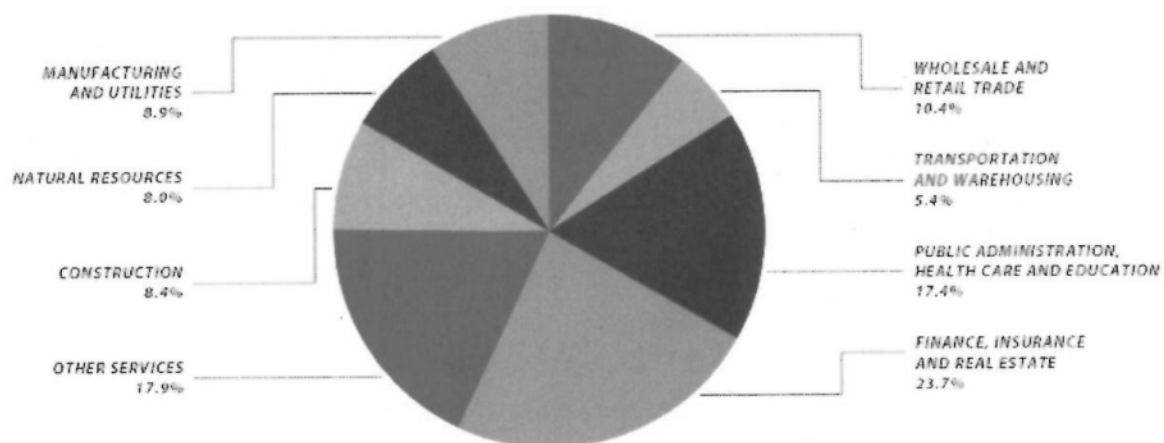
### SIDEBAR: REDUCING DEBT, STEP BY STEP

Since ~~we started balancing the budget~~13-14, we have reduced our direct operating debt by \$2.2 billion. If we stay the course, by the end of ~~our the current~~ fiscal plan, direct operating debt is projected to be at its lowest point in more than 30 years, and the possibility exists to be operating debt free by 2020 – for the first time since 1975.

2015 AVERAGE ANNUAL SHARE OF INTERNATIONAL GOODS EXPORTS BY PROVINCE



SHARE OF BC REAL GDP AT BASIC PRICES (CHAINED \$2007) BY MAJOR INDUSTRY, 2014  
SOURCE: STATISTICS CANADA (MAY NOT ADD TO 100% DUE TO ROUNDING)



## HELPING FAMILIES WITH COST OF LIVING

s.13

s.13 . Changes to Medical Service Plan (MSP) premiums and an investment of \$70 million annually to enhance premium assistance will improve fairness and help more lower-income families, seniors and those who qualify for reduced rates. To start, all children will be eliminated-exempted from MSP premiums and the monthly rate for each household will be based solely on the number of adults. Changes take effect Jan. 1, 2017.



### SIDEBAR: CHANGES TO MSP: WHAT THEY MEAN

The premium changes and enhanced premium assistance mean nearly two million British Columbians – or more than 40% of the population – won't pay MSP premiums and an additional 335,000 people will be eligible for reduced premiums.

## MSP CHANGES HELP SINGLE PARENT FAMILIES SAVE MONEY

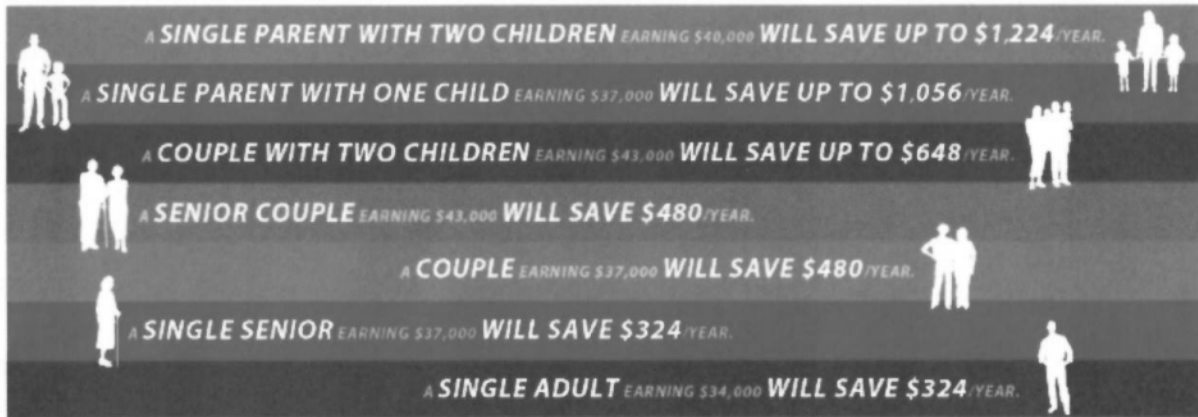
PREMIUMS WILL NO LONGER BE CHARGED FOR CHILDREN

(EFFECTIVE JANUARY 1, 2017)

MSP PREMIUMS	 SINGLE PARENT WITH 2 CHILDREN	 SINGLE PARENT WITH 1 CHILD
OLD MSP SYSTEM (2016 MONTHLY RATE)	\$150	\$136
NEW MSP SYSTEM (2017 MONTHLY RATE)	\$78	\$78
DIFFERENCE	SAVINGS \$864/YEAR	SAVINGS \$696/YEAR

## CHANGES HELP FAMILIES, SENIORS AND INDIVIDUALS ON PREMIUM ASSISTANCE

EFFECTIVE JANUARY 1, 2017.



EXAMPLES BASED ON AGI/SEMI-RET INCOME

### SIDEBAR: CHANGES TO MSP: WHAT THEY MEAN

The premium changes and enhanced premium assistance mean nearly two million British Columbians or more than 40% of the population won't pay MSP premiums and an additional 335,000 people will be eligible for reduced premiums.

## **IMPROVING HOUSING AFFORDABILITY**

To help every British Columbian realize the dream of home ownership, Budget 2016 introduces measures to improve housing affordability:

**Property Transfer Tax:** A full exemption from Property Transfer Tax for newly built homes up to \$750,000, saving buyers up to \$13,000 on the purchase of a new home. A partial exemption applies to new homes up to \$800,000. The New Housing exemption is expected to benefit owners of about 22,000 new homes in 2016, many of which will be constructed in the Vancouver area. Costs of the New Housing exemption will be offset by a new, higher property transfer tax rate on homes above \$2 million. Budget 2016 introduces a third property transfer tax rate of 3% on these homes.

[insert new housing graphic]

**NEW HOUSING UP TO \$750,000 WILL BE EXEMPT FROM PROPERTY TRANSFER TAX**  
(EFFECTIVE FEBRUARY 17, 2016)



**New infrastructure spending:** \$355 million by the BC Housing Management Commission over five years to support more than 2,000 new units of affordable housing for people with low-to-moderate incomes.

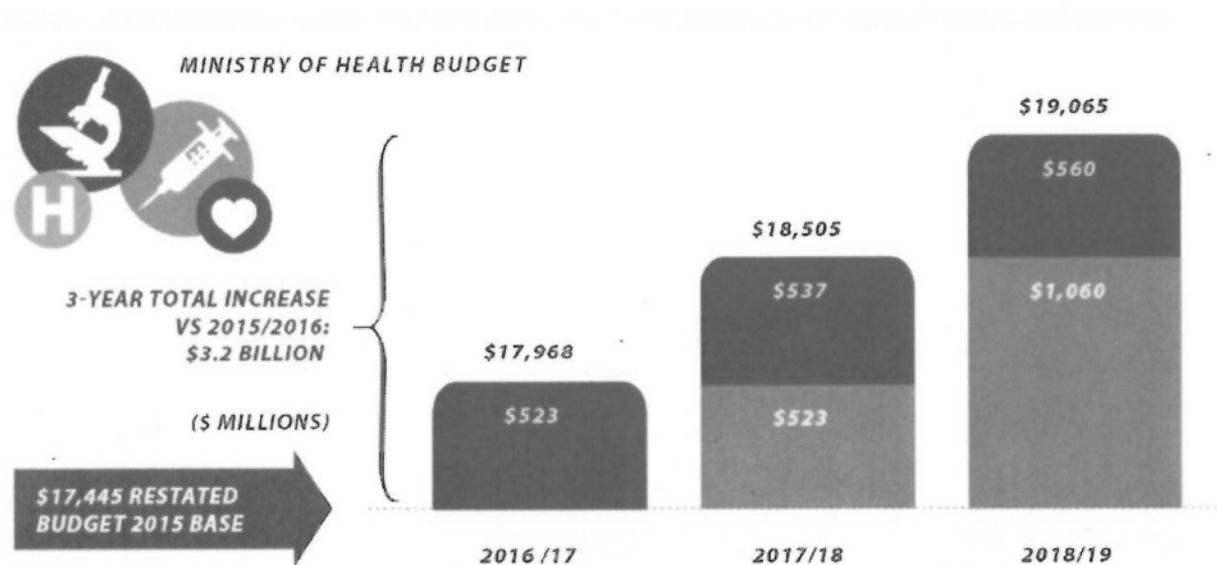
**Rental housing:** We continue to partner with municipalities and community groups to find innovative solutions to create more affordable housing in B.C. This includes the Community Partnership Initiatives program that provides advice and low interest financing to non-profits to help them develop affordable housing. So far, this program has contributed to more than 3,300 new units of affordable housing.

**Data collection:** To better understand the factors contributing to significant growth in B.C.'s real estate market, starting this summer, individuals who purchase property will need to disclose if they are citizens or permanent residents of Canada. These changes will provide important information on the volume of foreign investment in B.C.

The Home Renovation Tax Credit is being ~~expanded to include~~ provided to individuals with disabilities. This tax credit provides up to \$1,000 annually to help with the cost of specific home renovations that improve accessibility, mobility or functionality in a home.

## PAGE 6

### BOOST TO HEALTH CARE



### SIDEBAR (TOP): B.C. A GLOBAL LEADER IN HEALTH

The Conference Board of Canada's report on health ranks B.C. as third in the world for health performance – the highest ranked province in Canada and internationally behind only Switzerland and Sweden.

### INVESTING IN THE FUTURE WORKFORCE

s.13 more than 78% of jobs will require some form of post-secondary education and training. To ensure we continue to develop a knowledgeable, skilled workforce, Budget 2016 provides \$8 million over the fiscal plan for the Skills for Jobs Blueprint. This will help even more of our young people access opportunities in B.C.'s growing industries.

### SIDEBAR (BOTTOM): EXPANDED: TRAINING AND EDUCATION SAVINGS GRANT

In 2013, we introduced the BC Training and Education Savings Program, which provides a one-time, \$1,200 grant to the Registered Education Savings Plans of eligible B.C. children born on or after Jan. 1, 2007. To help even more parents and families save early for their child's education, Budget 2016 provides \$39 million in 2015-16 to extend the program to children born on or after Jan. 1, 2006.

## **PAGE 7**

### **SUPPORTING B.C.'S MOST VULNERABLE**

For British Columbians whose health, safety and well-being depend on quality social programs and services, Budget 2016 provides an additional \$673 million over the next three years to the Ministry of Children and Family Development and the Ministry of Social Development and Social Innovation. This includes:

- \$217 million to support vulnerable children and families and implement recommendations in the Plecas report.
- \$250 million to address caseload pressures in temporary income assistance, disability assistance and related supplementary benefits, with an additional \$36 million to Community Living BC.
- \$170 million to increase income assistance rates for Persons with Disabilities.

### **SIDEBAR: INCREASED SOCIAL ASSISTANCE DISABILITY RATES: WHAT IT MEANS**

To support our plan to make B.C. the most progressive province for people with disabilities, Budget 2016 provides \$170 million over three years to increase assistance rates for Persons with Disabilities. Effective Sept. 1, 2016, s.13  
s.13

### **KEEPING COMMUNITIES SAFE**

Safe and healthy communities are the foundation of a vibrant B.C. That's why we are making significant investments in community safety including:

- \$5 million for the Guns and Gangs strategy.
- \$85 million to establish a new organization—the Forest Enhancement Society of BC—that will work towards wildfire prevention and mitigation through forest fuel management, reforestation and habitat restoration.
- \$10 million for the Strategic Wildfire Prevention Initiative for Community Wildfire Protection Plans, Fire Smart Planning Activities and Fuel Management Projects.
- \$55 million in emergency preparedness and prevention initiatives, such as upgrades to dikes and flood protection of vulnerable communities.



**Commitment to rural communities:** To help struggling communities reinvigorate and diversify their economies, we are investing \$75 million over three years to the Rural Dividend Program. In addition, recognizing the importance of public transportation for many British Columbians, especially in smaller communities, we are investing \$7 million to expand service in BC Transit's operating area.

*FUNDING TO ASSIST COMMUNITIES (WITH UNDER 25,000 PEOPLE) TO TRANSITION THEIR ECONOMIES*  
(EFFECTIVE JANUARY 1, 2016)



### NEW AND EXTENDED TAX CREDITS

Budget 2016 introduces a **Farmers Food Donation Tax Credit** worth 25% of the fair market value of the product. Those who donate qualifying agricultural product to a registered charity that provides food to people in need or to help a school meal program will be eligible.

*A NEW NON-REFUNDABLE FARMERS FOOD DONATION TAX CREDIT  
WORTH 25% OF THE FAIR MARKET VALUE OF QUALIFYING FOOD DONATIONS.*

FROM FEB. 2016 TO 2016

TEMPORARY UNDER THIS PROGRAM FROM 2016 UNTIL THE END OF 2018 TAX YEAR UNTIL IT WILL BE REVIEWED



The **Small Business Venture Capital Tax Credit** is being increased by \$5 million to encourage even more individuals to invest in B.C. small businesses.

### SIDEBAR: KEEPING COMPETITIVE

To maintain a competitive tax environment that draws investment, industry and jobs to B.C., we will establish a Commission on Tax Competitiveness s.13

s.13

### **BUILDING A BETTER B.C.**

[graphic] Three-year taxpayer-supported capital spending totals: \$12 billion

- 24% - Health
- 14% - Education
- s.13     - Transportation
- 21% - Advanced Education
- s.13     - Other

### **OPENING OUR DOORS TO THE WORLD**

**International Maritime Centre:** In the second year of funding, Budget 2016 provides another \$1 million to attract more international shipping companies to B.C. and the businesses and jobs that support them. Last year, we welcomed the first shipping company to open a new office in Vancouver since re-establishing the centre – Singapore-based AAL.

**Strengthening ties with India:** We are targeting \$5 million over the fiscal plan to promote a stronger B.C. wood brand in India. With this funding we will work with the industry to help B.C. companies establish themselves as the world's leading supplier of sustainably harvested wood products to one of the world's fastest-growing emerging markets.

**Investment in aerospace:** In the third year of funding, Budget 2016 provides another \$1 million to support B.C.'s aerospace industry and attract more global business and investment to the province. Each year, B.C.'s aerospace industry contributes \$2.5 billion to our economy and provides direct employment for 8,300 people.

### **SIDEBAR: LEADERSHIP IN CLIMATE ACTION**

To help B.C. remain a leader in clean technology and climate action, we are investing \$13 million in the Innovative Clean Energy (ICE) fund. Budget 2016 also supports the Clean Energy Vehicle Incentive Program, which provides incentives for British Columbians to consider green choices for their transportation needs.

## McLachlin, Jessica GCPE:EX

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**From:** McLachlin, Jessica GCPE:EX  
**Sent:** Wednesday, February 10, 2016 1:59 PM  
**To:** Green, Ben GCPE:EX  
**Cc:** Williams, Susan GCPE:EX  
**Subject:** RE: DRAFT highlight brochure  
**Attachments:** DRAFT brochure\_Feb 10 2016\_JM edits.docx

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

A couple minor edits from me. Please remove track changes and save this down on a flashdrive (I've got one) for Tara. I took off the page numbers because Tara will get confused if we say there are 10 pages ☺

**Jessica McLachlin**  
Communications Manager  
Ministry of Finance  
250 356-9872  
cell 250 886-7738

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**From:** Williams, Susan GCPE:EX  
**Sent:** Wednesday, February 10, 2016 11:34 AM  
**To:** Green, Ben GCPE:EX; McLachlin, Jessica GCPE:EX  
**Subject:** RE: DRAFT highlight brochure

Okay just a few things based on our discussions that I happened to know were an issue. Changes tracked for your consideration ☺

The first paragraph has another one of those "\$500 million" references we spoke about.

- Under the MSP, tax policy kept changing eliminated to exempted, so I've made the change since I never really did figure out what the difference is
  - Under home renovation tax credit, Paul Flanagan thought that saying it was "provided to" sounded better
- s.13

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**From:** Green, Ben GCPE:EX  
**Sent:** Wednesday, February 10, 2016 10:56 AM  
**To:** McLachlin, Jessica GCPE:EX; Williams, Susan GCPE:EX  
**Subject:** DRAFT highlight brochure  
**Importance:** High

Hi Jess and Susan,

Attached is the most current highlight brochure with graphics so we can start to get an idea of layout. Can you review and suggest any amendments that should be made?

I've tried to mirror fairly closely to the changes made to the speech, but it's always good to have more eyes go through it.

Thanks,

**Ben Green**

Public Affairs Officer  
Ministry of Finance  
Government Communications & Public Engagement  
P: 250.356.7948

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## NEWS RELEASE

For Immediate Release  
[release number]  
February 16, 2016

Ministry of Finance

### **Fiscal discipline and new investments support B.C. families, jobs and communities**

VICTORIA – British Columbia's continued fiscal discipline and steady economic growth are providing the means for new and increased funding for services, helping ease the cost of living, and taking new steps to help address housing prices, Finance Minister Michael de Jong announced today.

Balanced Budget 2016 invests s.13 in new and increased spending over three years on core services, almost \$500 million of which is funded by lower interest costs due to the retirement of operating debt.

Government will balance its budget in 2015-16, and in each year of the three-year fiscal plan. Within the balanced budget, new and increased investment in government programs and services includes:

- \$3.2 billion over three years added to the Ministry of Health compared to 2015-16.
- \$673 million in additional support for children, families and individuals in need over three years, including a new investment of \$217 million in the Ministry of Children and Family Development, and increased monthly rates for disability assistance.
- \$143 million over three years to enhance key areas of the BC economy that support jobs in communities, including the new \$75-million Rural Dividend Program to help small communities strengthen and diversify their economies, additional support for youth trades training, building the B.C. wood brand in India, and additional BC Transit funding.

s.13

Government is acting to help the housing market respond to high demand for homes, which is resulting in rapidly rising prices, particularly among single-family homes in the lower mainland. Budget 2016 introduces a new full exemption from the property transfer tax on newly constructed homes priced up to \$750,000. This exemption will save purchasers up to \$13,000 on a new home and is estimated to provide approximately \$75 million in property transfer tax relief for new construction in 2016-17. Government is also investing capital funding of \$355 million over the next five years for construction and renovation of affordable housing for people with low to moderate incomes.

A portion of the dividend derived from the government's fiscal discipline and reduction in operating debt will be used to establish the BC Prosperity Fund. Budget 2016 applies an

inaugural commitment of \$100 million from the forecast 2015-16 surplus to establish this long-term legacy intended to:

- Help eliminate the Province's debt over time.

s.13

- Invest in health care, education, transportation and other priorities that provide future benefits to British Columbia.
- Preserve a share today's prosperity for future generations.

Government has identified its lead priority for the B.C. Prosperity Fund as taxpayer-supported debt, followed by retiring debt of other entities in accordance with government's strategic direction. Government will allocate a minimum of 50% of cash flowing into the fund to debt retirement, and a minimum of 25% will be saved to accumulate earnings.s.13

s.13

Budget 2016 continues to invest in new and upgraded infrastructure to support services and jobs. Taxpayer-supported capital spending will inject \$12 billion into the economy over the next three years, build new projects, and expand and sustain existing infrastructure. This includes over the next three years:

- s.13 in total transportation infrastructure investment, including highway upgrades, transit infrastructure and site preparation for the George Massey Tunnel replacement project.
- \$2.9 billion for new major health care projects and upgrades to health facilities, including the new Centre for Mental Health and Addictions.
- \$2.5 billion for post-secondary facilities, including building capacity and helping meet the province's future workforce needs in key sectors, as set out in the BC Skills for Jobs Blueprint.
- \$1.7 billion to maintain, replace, renovate, expand and seismically upgrade K-12 school facilities, including new school space to accommodate increasing enrolment.
- \$355 million over five years in new capital spending on social housing, which will increase the supply of housing across the province by more than 2,000 units through the construction and renovation of affordable housing for people with low to moderate incomes.

The surplus forecast in each year of the fiscal plan helps keep taxpayer supported debt affordable. By the end of 2015-16, the direct operating debt will be reduced by \$2.2 billion from its most recent peak in 2013-14. Under the current fiscal plan, with continued fiscal discipline, there will be an opportunity for B.C. to be operating debt free as early as 2020 – the first time in 45 years the Province will not be carrying the burden of operating debt.

The independent British Columbia Economic Forecast Council is projecting provincial real GDP growth to be 2.7% in 2016, 2.6% in 2017, and an average 2.4% over 2018-20. Government's economic growth forecast remains prudent relative to the Economic Forecast Council at s.13 in 2016, 2.3% in 2017, and 2.3% in 2018.

**Quotes:****Minister of Finance Michael de Jong:**

"We've been following a prudent plan that includes a focus on paying down our direct operating debt, which is projected to be at its lowest point since<sup>S.13</sup> if we stay on course."

"B.C. families know that working hard to pay off their credit card debt means they will save money on interest payments, and the same is true of government. A reduction in the operating debt means more than \$500 million that would have gone to interest payments can instead be invested in priority programs for British Columbians."

"With a track record of successive balanced budgets, B.C. remains in a fiscal position envied by many jurisdictions around the world. We are forecast to lead Canadian provinces in economic growth this year and are continuing to make fiscal decisions that further strengthen our economy, create jobs and make life more affordable for British Columbians."

**Learn More:**

For more details on Budget 2016, visit: [www.bcbudget.ca](http://www.bcbudget.ca)

For online information and services, visit the Province's website: [www.gov.bc.ca](http://www.gov.bc.ca)

**Media Contact:**

Jamie Edwardson  
Ministry of Finance  
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## **BUDGET 2016 – SPEECH DRAFT #3 – February 5, 2016**

(word count 8,383 Approximately 70 minutes)

### **INTRODUCTION**

I was walking past a school a few weeks ago. The students were heading home at the end of their day. Some were walking, others were climbing aboard the big yellow school buses waiting for them out front. And there was a heightened level of excitement in the air that at first I didn't understand until I got a little closer and could hear some of the comments and conversation.

Turns out it was report card day. You remember report card day. That was the day you had to go home and show your parents how you were actually doing, at least according to your teachers. All term long you'd been telling your folks how well everything was going at school but this was the day they got to see what was really happening. And before you got home there was that whole comparative assessment thing that you went through with your friends.

What'd you get in math?

What'd you get in social studies?

And how you did tended to influence your measure of enthusiasm for the conversation. Sometimes if the results were disappointing, you would feign indifference and shrug it off with a "whatever." Alternatively, the more brazen would simply conclude that the adjudicator, the teacher, simply didn't recognize the brilliance they were confronted by. Of course, happily, the grade we got in a particular course or the comment we received from a teacher represented a mere snapshot of our development and was in no way determinative of our future prospects. (My own math teacher Mr. Klassen would attest to that!)

Still, we all want to know "how we're doing." Parents certainly want to track the progress and performance of their children. We all want to know that our efforts are being recognized and how we are positioned vis a vis our peers and/or competitors.

Governments get a different type of report card. In B.C., I suppose the ultimate "reporting out" takes place every 4<sup>th</sup> spring in what I like to call the "shareholders' meeting" when everyone gets to assign a grade. Along the way, however, our performance as a province is examined and analysed by a variety of agencies whose job it is to assess in a non-partisan way, British Columbia's strengths, weaknesses and forecast our future prospects.

In providing my customary update on B.C.'s budgetary position for the present fiscal year, I thought it might be appropriate to draw members' attention to what some of those authorities are saying about us in their report cards.

It hasn't been an easy year for the economists. Volatility has impacted economies across Canada and around the world. The downward spiral of the oil sector continues. Now the Canadian dollar is following suit – reaching lows against the U.S. dollar that haven't been observed in more than a decade.

Like all jurisdictions, we are being tested by the dual challenges of rapid change and unpredictability. Unlike most of those jurisdictions, we are not only passing that test but we are scoring top marks, and British Columbians deserve to be proud for having earned our way to the top of the class!

Here's what the Conference Board of Canada said in their December report card:

British Columbia's economy is forecast to maintain the momentum gained over last year and continue to make impressive gains.

...B.C.'s fiscal balance sheet is the envy of the other provinces...

After leading the provinces in growth this year, British Columbia will be the top performer again in 2016.

At the same time, CIBC World Markets issued their report card and predicted that B.C. would "top the charts on GDP and employment growth" in 2016.

And for the senior economist at BMO the following commentary:

...B.C. is on track to cruise into year-end as the envy of the Canadian provinces. The budget is balanced; net debt is low and stabilizing at around 16.5% of GDP; economic growth is atop the leader board, and the province's relative tax competitiveness is steadily improving (especially versus its neighbour to the east).

There's another group that regularly issues a non-partisan report card. They're called the rating agencies and we ignore the marks they assign at our peril because it is those marks that determine how much we will pay to borrow the capital we require to build hospitals, schools and highways.

And in the world of credit worthiness the difference between 3 A's and one B is billions of dollars in added debt-servicing costs.

In reaffirming B.C.'s triple-A credit rating Moody's observed that "the province has presented a credible plan of consistent balanced budgets with little risk that the debt burden will exceed current forecasts."

Down the street at Standard and Poor's, the examiners confirmed our triple-A grade and in support cited "the province's very strong financial management, exceptional liquidity, and very strong and wealthy economy."

Perhaps most importantly, this observation regarding the form and reliability of the budget documents I am presenting today. Back in April, Dominion Bond Rating Service praised B.C. for:

"exemplary accountability and reporting practices" including "compliance with generally accepted accounting principles and early adoption of new standards, comprehensive consolidation of government entities, early budget releases, established dates for quarterly updates, full comparability of budget estimates and public accounts and no reliance on fiscal smoothing mechanisms to balance its budget."

Not only are we doing our homework, we're getting it in on time and in a format that people can trust!

I suppose none of this would have been worth pointing out if everyone were getting the same marks and attracting the same comments in their report cards. Of course this is not the case.

As B.C. continues along the path of steady, stable growth, we see other provinces contending with faltering economies and credit rating downgrades.

Alberta was recently downgraded amidst concerns of weak budgetary performances and the province's rapidly rising taxpayer supported debt.

Saskatchewan has recently seen its outlook downgraded by Standard and Poor's from stable to negative.

Alone among all of the provinces B.C. is the only jurisdiction to garner top marks of Triple-A Stable from both international rating agencies. The exclusive club I referred to last year has now truly become a lonely triple hearts club of one.

Our positive standing is a reflection of the disciplined fiscal management that British Columbians have demanded of their government, and the solid economic growth that British Columbians have achieved through their enterprising ingenuity.

Budget 2016 will honour that record...that legacy that British Columbians have worked so hard to achieve. Last year I referred to the fiscal hat trick...this year I will congratulate British Columbians on scoring a budgetary grand slam. In 2016-17, for the fourth year in a row, the government is tabling and will deliver a balanced budget.

The budgetary plan for 2016-17 anticipates:

Total spending of	\$47.5 billion
Total revenues of	\$48.1 billion
A forecast allowance of	\$350 million
A budget surplus of	\$264 million

We have leveraged our advantages internationally and diversified our industrial output so that B.C.'s economy wouldn't be too reliant on any single sector or any single trading partner.

We have been prudent in our forecasts and disciplined in our spending.

We've made some tough choices, the kind that British Columbians have to make each day for their families and for their businesses.

But as a result of that approach – the prudence and the discipline – we are today in a position where we have the flexibility to make targeted investments that will:

- help B.C. families with some of the challenges they are facing
- offer greater support to the most vulnerable among us
- partner with communities, First Nations and the private sector to create jobs and opportunities around the province
- and, capitalize on our strength today to protect ourselves against future fiscal uncertainty.

Now let's get to the numbers.

### **3<sup>RD</sup> QUARTER UPDATE**

As we move through the final quarter of the 2015-16 fiscal year, I can advise the House of two things:

1. We are on track to meet our budgetary forecasts.
2. But we are not immune from the challenges facing the world economy.

Lower prices for metals, minerals and energy products, alongside weak global demand, are weighing on the growth of exports.

However, B.C.'s economy has experienced steady and stable growth over the past year, and that trend is forecast to continue – with notable strength in consumer spending, housing, and employment.

Retail sales continue to be a driver in B.C.'s economy, advancing 6.8% year-to-date to November 2015.

Employment has exceeded our forecasts with growth of 1.2% in 2015.

The housing market has also exceeded expectations. Housing starts are up 10.9% in 2015 and the value of residential building permits up 26.6% year-to-date to November 2015.

I'll have more to say about the housing market later.

And as B.C. is poised to lead the country in economic growth, we are attracting people from other provinces who are seeking a safe harbour from economic storms.

In the third quarter of 2015, B.C. saw the highest quarterly level of net inter-provincial migration since 1995.

We had a net inflow of 6,315 people from other regions of Canada, and yes, 1/3 of those arrived from Alberta.

This inflow of Canadians from other regions is a reflection of our economic resilience relative to the other provinces, and the economic growth that is acting to attract people to B.C. is providing benefits to families in a variety of ways.

Statistics Canada reported that the B.C. economy grew by 3.2% in 2014 – well ahead of the 2.3% projected by B.C.'s independent Economic Forecast Council.

And that has provided some good news for the unionized public sector employees that accepted the premise that agreements that offer labour stability and are affordable for taxpayers can contribute to the economic well-being and growth of our province.

The greater than forecast economic growth in 2014 translated into an additional wage increase of 0.45%, on top of the general wage increases of 5.5% over five years.

It's a modest increase, but it's one that marks the first time in B.C. history that public sector employees have directly benefitted from actively participating in the province's growth.

The growth dividend will ensure that all employees receive additional money over the life of their collective agreement...some as much as \$1,298 over the term of the agreement.

And in Budget 2016, we are adding <sup>s.13</sup> over the next three years to ministry budgets to fund that growth dividend.

More importantly, it recognizes the fact that British Columbia's ongoing success and prosperity is a joint effort. We are all in this together and when British Columbia succeeds everyone should share in the benefits.

#### **ECONOMIC AND FISCAL OUTLOOK FOR 2016-20**

The Economic Forecast Council met once again at the end of November. I am again obliged to the members of this Council who travelled here from various parts of B.C. and Canada and to members of this Assembly from both the Opposition and Government benches who took the time to be in attendance. One very lonely member of the media took advantage of the opportunity to see and hear first-hand the advice we received from some of Canada's leading economists and upon which we base our own budgetary forecasts. Had others been in attendance they would have heard members of the Council observe that B.C. sets the "gold standard" for fiscal prudence and management.

The Economic Forecast Council is projecting growth for B.C. as follows:

2016	2.7%
2017	2.6%
2018-20	2.4%

For the purpose of the fiscal plan I am tabling today, the government is projecting B.C. economic growth of:

2016	2.4%
2017	2.3%
2018	2.3%

As usual our projections are slightly lower than the outlook provided by the Council, and that is one of the levels of prudence that helps keep spending within our means.

Forecast allowances are another level of prudence that help protect B.C. against the kind of unforeseen changes, such as resource price volatility, that can sink budgets into the red.

To that end, we have built in forecast allowances of \$350 million for each year of the fiscal plan.

And in our third traditional level of prudence, we've built in spending contingencies as follows:

2016-17	\$450 million
2017-18	\$400 million
2018-18	\$400 million

Too much or not enough? That's generally the debate around contingencies. Let me simply say that on our \$47.5 billion budget a \$450 million contingency allows for less than 1% margin of error (0.9%).

With that cautionary note, the bottom line for taxpayers is that we're on track for a balanced budget for the next three years with forecasted surpluses that will allow us to reduce borrowing requirements and continue reducing our direct operating debt.

2016-17	\$264 million surplus
2017-18	\$287 million surplus
2018-19	\$373 million surplus

You'll notice that the surpluses for the next couple of years are down slightly from what we were forecasting in Budget 2015 which is attributable to two things:

1. Spending decisions in this fiscal plan that I will refer to shortly.
2. The fact that B.C. is not immune to the economic forces that are slowing growth elsewhere.

### **DISCIPLINED FISCAL MANAGEMENT AND DEBT**

I want to take a moment to speak about the relationship between responsible fiscal management, the debt and the ultimate impact that has on services for British Columbians.

By showing discipline in tough fiscal times, by paying down the operating debt that has built up over decades of deficit budgets, we've been able to free up hundreds of millions of dollars for reinvestment in expanded programs and services for the people of B.C. who rely on them.

Spending discipline is rarely easy and never fun. It requires constant vigilance – controlling office, administration and travel expenses. Managing hiring and placing rigid controls on compensation for management and executives. Tough negotiations and modest wage settlements with the invaluable women and men who work in the unionized public sector.

Careful management of public sector compensation was essential to achieving a balanced budget, and I need to again pay tribute to the hardworking public servants who have helped us achieve that objective. Maintaining that prudent approach will be just as important going forward in the face of gathering economic uncertainty around the world.

Because today we have within our grasp the ability to do something that could define this generation.

Three years ago the government – the Premier – had the audacity to present the idea of a debt free B.C. ("Il nous faut de l'audace, encore de l'audace, toujours de l'audace!" – Georges Danton).

Many scoffed and said it was impossible. They were, I might add, some of the same skeptics who said balancing the budget was impossible and yet here we are with our 4<sup>th</sup> in a row!

Surely leadership is about presenting that audacious vision and challenging us to turn the dream into reality. And that's what we're doing...tackling the debt the same way it was created – one step at a time.



By the end of the current fiscal year (2015-16) we will have reduced direct operating debt by over \$2.2 billion. And, by the end of this fiscal plan, if we maintain our course, direct operating debt is projected to be at its lowest point since 1984.

What's more, if we adhere to our prudent and disciplined path, we have the opportunity as early as 2020, in just 4 years, to completely eliminate the operating debt, and for the first time in 45 years since 1975 the province will no longer carry the burden of an operating debt.

What's it mean? Well it means a whole lot more budgetary flexibility which we're already experiencing and which I'll expand upon in a moment.

But it also means this. It means a parent can look their child or grandchild in the eye and say, or at least know, that we paid our own way. We paid for the services that we consumed. We didn't run up a grocery tab and ask our kids to pay it off. We left the Province in better shape than we found it. Now that's a gift for the generations!

B.C. families get it. They know that by working hard and paying off their credit card they'll save money on interest payments and have that money to spend on more productive priorities.

The dividends resulting from prudent fiscal management already reveal themselves in the fiscal plan before you today. <sup>s.13</sup> in new incremental spending over the 3 years, just under \$500 million of which is made possible because of reduced interest payments on our reduced operating debt.

By way of comparison, if we had Ontario's public debt to revenue ratio and Ontario's credit rating, instead of saving \$500 million for redeployment elsewhere we would be paying an additional \$2.45 billion in annual debt servicing costs.

Instead, we're able to reinvest those savings on priority programs for the families and individuals in B.C. who need it most, and I'll describe those investments in detail in a moment.

Ah yes...but I can hear the keen observer proclaim you are still borrowing. We do borrow, reduced amounts, for investments in capital infrastructure. Today, on the strength of our balanced operating budgets, we borrow only to build.

This 3 year fiscal plan, drawing on our fiscal strength, projects total capital spending in the amount of <sup>s.13</sup> – of which \$12 billion is taxpayer supported and will ensure that record levels of investment in health, education, skills training, transportation and public safety infrastructure are made. That total includes:

\$2.9 billion in health infrastructure projects, such as:

- Royal Inland Hospital, Kamloops
- Children & Women's Hospital Redevelopment (clinical support building & acute care centre), Vancouver
- Penticton Regional Hospital - Patient Care Tower, Penticton
- North Island Hospitals, Comox Valley & Campbell River

\$1.7 billion in K-12 education infrastructure, including such projects as:

- Clayton North Secondary, Surrey
- Smiling Creek Elementary, Coquitlam
- North West Elementary, Fort St. John
- Alpha Secondary Seismic Upgrade, Burnaby
- Sir Charles Kingsford-Smith, Vancouver

\$2.5 billion in infrastructure spending for post-secondary education, skills and trades training, for such projects as:

- Emily Carr University of Art & Design Campus Redevelopment, Great Northern Way, Vancouver
- University of British Columbia – Life Sciences Teaching Laboratories Redevelopment, Vancouver
- Selkirk College – Trades Facility Renovation, Nelson

s.13                      transportation investments, including:

- Highway 1: Admirals Road/McKenzie Ave Interchange, Saanich
- Highway 1 widening and 216<sup>th</sup> St Interchange, Langley
- Reconstruction of Fort Nelson River Bridge (Hwy 77), Ft. Nelson
- And many others.

## **HOW WE'RE GOING TO CONTINUE TO BUILD THE ECONOMY**

### **Key Investments**

When I attend gatherings of provincial and territorial ministers or meetings with international representatives, I'm frequently asked how we've managed it.

How is it that B.C. alone among the provinces is able to post repeated surpluses, pay down debt and maintain a stable triple A credit rating?

I tell them it's all about thinking in 3D:

Discipline

Diversity

Determination

Madam Speaker, this is a province that has a strong and diverse economy, and that's partly because we continue to build on our competitive advantages when attracting investment, creating jobs and building industries.

We have been and will continue to market British Columbia's advantage to the world, including our:

- Stable investment climate,
- Strong labour pool,
- Active First Nations participation,
- Competitive fiscal regime,
- Strong regulatory framework.

And in this year's budget, one of the ways we're going to help B.C.'s families with the cost of living is to create a landscape that supports a diverse and growing economy.

We want British Columbia to continue to prosper, which means we have to continue to have a competitive taxation environment.

Some of the Province's taxes were designed in the early 20<sup>th</sup> century, for the 20<sup>th</sup> century British Columbia economy. To remain competitive we need our taxation policy to keep pace with our changing and evolving economy.

One example is the provincial sales tax (PST) tax, a retail sales tax that was originally introduced in 1948.

That's why we are establishing a Commission on Tax Competitiveness to look at how the Province's economy is changing and evaluate the current PST within the context of those changes. The terms of reference will ask the Commission to consider ways to modernize the existing PST or examine the options for a made-in-B.C. value added tax. The Commission's terms of reference will explicitly exclude consideration of a return to the harmonized sales tax.

The Commission will consult with British Columbians and it will make recommendations to government in the fall of 2016.

It's vital that we continue to create the kind of competitive tax environment that draws capital investments, industries, companies and jobs to our province.

Attracting private sector investment is why Budget 2016 provides \$1 million as the second year of funding for the International Maritime Centre, a project that is already attracting more international maritime companies to British Columbia — along with the businesses and jobs that support them.

Recently the Wall Street Journal for the first time listed Vancouver amongst the leading global shipping centres and named Vancouver alongside London and Singapore, and the Vancouver International Maritime Centre is already beginning to fulfil its mandate and attract shipping companies to Vancouver.

In fact, just a few months ago, we welcomed the first shipping company to open a new office in Vancouver since re-establishing the International Maritime Centre — Singapore-based AAL.

This company is already expanding business here and hiring more staff, and those are the kind of opportunities we want to bring here.

#### MINISTER TO ADD AEROSPACE SECTION

And it's why we are targeting an additional \$5 million over three years to expand the effort to advance a strong Canadian wood brand in India, which has the potential to be an important market for this province. But it will not happen on its own and it will not happen overnight.

Building on the initial work of Forestry Innovation, we are going to pursue this market in the same way we have taken advantage of, and created, opportunities in China. 15 years ago, China was purchasing a paltry \$<sup>13</sup> worth of B.C. wood products. Today, following the completion of the Dream Home Canada project and after working with Chinese officials to explain and market the benefits of building with B.C. wood products, China now purchases \$<sup>13</sup> worth of forest products, supporting jobs in every region of B.C.

With this funding, we will work with the forest industry to promote a stronger B.C. wood brand in India to help B.C. companies get to establish themselves as the world's leading supplier of sustainably harvested wood products to a market that includes the world's largest middle class.

Within the U.S. the forces of softwood protectionism are gathering once again. Be assured that the Premier and the government have already taken the lead in mobilizing Canadian governments and the forest sector to respond to this challenge. Developing new markets in India and elsewhere represents a key component of our strategy to respond to American softwood protectionists who are either unable or unwilling to compete with the best producers of forest products anywhere in the world located right here in B.C.

And while we work to encourage investment from around the world, this budget is also working to grow the outstanding economic potential we have right here in B.C.

For small businesses, the backbone of our economy, we are expanding the Small Business Venture Capital Tax Credit budget by \$5 million.

And to make sure we continue to tap into our workforce potential, this budget is providing s.13 over three years for increased youth trades training to help more of our young people participate in B.C.'s growing industries.

As previously announced, Budget 2016 also provides support to the mining sector.

As an important economic driver in the province, the mining industry is a key sector in the BC Jobs Plan and a critical source of long-term employment and business opportunities, particularly for Aboriginal and rural communities.

Budget 2016 will extend the Mining Exploration Tax Credit for three years and the British Columbia Mining Flow-Through Share Tax Credit for one year to promote sector growth.

Today there are 20 LNG proposals in B.C. at various stages of development, and we will continue to work with the private sector to move forward on projects.

We are however prudent in our forecasts, and though we have seen important and substantive progress in the development of an LNG industry in B.C., we have not included LNG projects in our revenue projections at this time, pending the announcement of a final investment decision. The fundamental advantages that have attracted LNG proponents to B.C., including the enthusiastic participation of so many First Nations, has not changed.

The forecasts for growing worldwide demand for a reliable supply of LNG remain unchallenged. And while recent volatility in the energy markets has created unique challenges for those poised to make some of the world's largest private sector investments in our nation's history, thanks to all of the work that has been done to establish a regulatory, environmental and taxation platform within B.C. we may continue to say with

confidence that the advent of this generational opportunity, and all of the benefits that go with it, is not a questions of “if” but “when”!

One sector of our economy is a notable showcase of BC talent – the film industry.

B.C. provides generous labour-based film tax credits to help reduce a production’s labour costs, and a strong US dollar relative to the Canadian this past year, combined with the world class talent pool that has arisen in B.C., have combined to attract a record number of productions to our province.

And as the industry booms, they are also able to take further advantage of the tax credits that are now estimated to be around half a billion dollars in 2015/16.

The effect of the low Canadian dollar has already prompted Ontario, Quebec, New Brunswick and others to reduce their credits, because of the rising cost to taxpayers.

The industry has recognized the fiscal impact and approached government so we can work together to find the best way to address the fiscal pressure the low dollar creates. The results of these discussions will be revealed in the weeks ahead.

Budget 2016 continues to build on B.C.’s leadership in clean technology and climate action.

Climate change is a global issue, and the Premier has made it clear that B.C. will remain a climate action leader.

And we have been able to move forward with that leadership on climate change while also growing our economy.

Budget 2016 continues that leadership with support for the Clean Energy Vehicle Incentive Program, which provides British Columbians with incentives when considering the variety of clean and green choices for their transportation needs.

And as communities want to know their surrounding environment is being taken care of, they also want to know they are being supported to have safe and vibrant communities. For our communities, Budget 2016 commits:

- \$75 million over the next three years to the Rural Dividend Program, to help struggling communities reinvigorate and diversify their local economies.
- support for public and community safety, including \$5 million for the Guns and Gangs program as per our UBCM commitment.
- \$128 million in operating funding for the new Okanagan Correctional Centre, due to open in early 2017.

And when it comes to safety, people also want to know that their communities are safe from Mother Nature's more severe impacts.

We certainly saw some of those impacts this past summer, where more than 1,800 fires burned about 300,000 hectares. Fighting these fires cost taxpayers an estimated \$1.3 billion<sup>13</sup> put firefighters and communities at risk —and worse, cost a young man his life.

Prevention is key to protecting our communities, which is why Budget 2016 provides targeted investments to help protect B.C.'s communities against future wildfires.

That includes:

- \$85 million to establish a new organization—the Forest Enhancement Society of BC—that will work towards wildfire prevention and mitigation through forest fuel management, reforestation and habitat restoration.
- \$10 million in 2015-16 for the Strategic Wildfire Prevention Initiative for Community Wildfire Protection Plans, Fire Smart Planning Activities and Fuel Management Projects, which follows through on another UBCM commitment.
- \$55 million in 2015-16 to help improve dikes and flood protection in vulnerable communities
- And \$10 million in one-time funding to help bolster training, administrative support and equipment renewals of volunteer ground search-and-rescue organizations.

That's on top of a \$3 million increase over three years we're providing to Emergency Management B.C. to support outreach related to emergency preparedness.

Budget 2016 also provides an additional \$19 million to support work with first nations and improve consultation, and to improve resource permitting.

Resource development is vital to our economy, but we're also mindful that it must be a balance.

We want to make sure we responsibly use our resources and that our First Nations and all communities across B.C. participate in and benefit from resource development.

This funding is being provided to the Ministries of Aboriginal Relations and Reconciliation, Environment, Forests Lands and Natural Resource Operations, and Natural Gas Development to help them work together as they support responsible use of natural resources, includes engagement and consultation with First Nations, industry, community and other stakeholders.

## **WHY WE DO IT – SOCIAL INVESTMENTS**

We are working to balance the budget, build a vibrant economy and ensure our communities are strong and protected.

Madam Speaker, these are great goals, and the experts and the data confirm that we are on the right track.

However, we don't do it for the accolades of credit rating agencies, though they are nice to have.

This is a province with almost 4.7 million people who all rely on government to some extent to meet some fundamental needs.

People want to be healthy and happy, they want to provide a good life for themselves and their families, and they want to know how to get help when they need it.

At the most fundamental level, government's job is to help provide for these needs, and with a balanced budget, and particularly with reduced debt servicing costs, we are now in a position to do more to help people who need an extra hand.

For British Columbia's most vulnerable citizens, the strength and flexibility of our social safety net is vital to health, happiness and even survival.

That's why Budget 2016 is providing an additional \$673 million over the next three years to the Ministry of Children and Family Development and the Ministry of Social Development and Social Innovation to support families and individuals most in need.

No child should have to live in poverty and uncertainty, and government has an amazing staff of dedicated professionals who have spent their careers on the front lines working to make life better for these children.

This is some of the most important work there is, and in Budget 2016 we are doing more to help them get that job done.

This budget provides an extra \$217 million over three years for the Ministry of Children and Family Development to go towards helping our most vulnerable children and families, including implementing recommendations in the Plecas report.

This new investment will fund more than 100 additional front line social workers, resources for further training, quality assurance, and technology.

And more specifically, this new investment includes:



- \$152 million to strengthen programs and services that provide for the welfare of children and youth, including child protection, children and youth in care, and family supports
- \$11 million to support child care centres
- \$51 million for children and youth in care with special needs, as well as autism programs, to meet increasing demand in that area
- \$3 million over three years to support adoption service and facilitate the adoption of children in care.

And it's not just government that wants to do more for our most vulnerable children. To promote and acknowledge the generosity of our agrifood sector, effective immediately a new non-refundable farmers' food donation tax credit is being introduced. The tax credit is available to individuals and corporations that carry on the business of farming and donate a qualifying agricultural product to a registered charity that provides food to those in need or helps to operate a school meal program.

As well, funding will continue to the Ag in the Classroom Society to ensure the continuance of the school fruits, vegetable and dairy program, which now serves fresh B.C. agricultural products to 549,000 students in more than 1,400 First Nations and public schools.

We are also making sure our social safety net is there for other vulnerable British Columbians.

That is why Budget 2016 provides an extra \$250 million over the next three years to the Ministry of Social Development and Social Innovation for individuals and families in need, addressing caseload pressure for temporary income assistance, disability assistance and related supplementary benefits.

This funding includes a \$36 million increase over the fiscal plan to Community Living BC to support services for individuals with developmental disabilities and their families, and to address continued caseload growth and demand for services.

There is a measure of independence in daily life that many of us take for granted.

To support the goals established in Accessibility 2024 – this government's plan to make B.C. the most progressive province in Canada for people with disabilities – Budget 2016 provides \$170 million over three years to increase income assistance rates for Persons with Disabilities.

This increase in rates will take effect September 1, 2016.

In addition to being challenged by rates that haven't changed in a number of years, there's a fundamental inequity that has arisen relating to the fact that depending on where you live, you may or may not receive assistance for a basic need like transportation costs.

s.13

That means those on disability assistance will be receiving an increase of up to \$77 per month and the freedom to make their own choice about how to meet their own unique transportation needs.

This won't eliminate the challenges those living with disabilities face, and it won't suddenly make life easier, but we hope it will help make life a little less hard.

The measure of any society is reflected in the degree to which it is willing to help the most vulnerable and create the kind of supports that will truly make a difference in their lives.

For these British Columbians, we want to be able to provide the help they need to be happy, healthy, productive and as independent as possible in their lives.

That's what our social safety net is there for.

#### **HEALTH MINISTRY SPENDING**

In fact, Madam Speaker, we all use our social safety net at one time or another, and that is particularly true when it comes to our health care system.

British Columbia is recognized as a Canadian leader in health and wellness.

The Conference Board of Canada's report on health ranks B.C. as third in the world for health performance, behind only Switzerland and Sweden, and is ranked the number one province in Canada.

This high ranking reflects the priority government places on the health and quality of life of British Columbians – successes achieved while maintaining among the lowest per capita health care spending in the country. It's also a reflection of a growing awareness on the part of British Columbians themselves that by far the biggest determinant of health outcomes is the decisions we make about our own lifestyles...healthy diets and staying active.

Budget 2016 continues to add more dollars to health care with \$3.2 billion of additional funding overall for the Ministry of Health in the next three years compared to its 2015/16 budget. In the third year alone we forecast an increase of \$560 million compared to the previous year, bringing the annual ministry budget to a forecast \$19 billion in 2018-19. By comparison, when I arrived in this place exactly 22 years ago tomorrow, the health budget was \$X.

s.13

And for those facing the scourge of mental illness this Budget adds to the X billion already being spent on mental health treatment and supports, including X to construct and operate a 105-bed mental health facility in Coquitlam to help patients who are severely addicted and mentally ill. This Coquitlam facility will complement the services that are available or will soon be available at:

Lions Gate North Shore facility ADD OTHER RIVERVIEW COMPONENTS

- Lions Gate North Shore Facility
- Joseph and Rosalie Segal Family Health Centre at Vancouver General Hospital
- Maples Treatment & Provincial Assessment Program, Coquitlam
- Centre for Mental Health and Addiction, Coquitlam

### **MSP CHANGES**

Madam Speaker, British Columbians enjoy world-class health care but this care comes at a cost.

In fact, total spending on health in 2015-16 across all ministries is already forecast to be more than s.13

And MSP premiums fund only a small part of that investment, and those premiums should be distributed fairly, equitably, and in a way that makes sense.

That's why starting January 1, 2017, we will be changing MSP premiums and enhancing premium assistance to improve fairness and help B.C. families with the cost of living.

To begin with, all children will be exempted from MSP premiums and the monthly rate for each household will be based only on the number of adults. An adult couple will pay twice the single adult rate.

This will be of particular advantage for single parent families, who often have to work much harder to do more with less.

Under these changes, a household with one parent and two children will be charged the single adult rate, rather than the three-person rate as they are today. At a minimum, this family will save \$864 per year and, depending upon income, could save up to \$1,130 per year.

We are also investing an additional \$70 million annually to enhance premium assistance, helping more lower-income families, seniors and individuals qualify for reduced rates.

This change means that:

- a couple will be able to earn up to \$45,000 and still qualify for reduced premiums.
- a Single parent with two children will be able to earn up to \$48,000 and qualify for reduced premiums.
- a couple with two children will be able to earn up to \$51,000 and qualify for reduced premiums.
- and a senior couple will be able to earn up to \$51,000 and still qualify for reduced premiums.

I know that some people have advocated eliminating separate MSP premiums altogether. But burying MSP into instruments of general taxation doesn't make them go away. It merely hides them and may create for some the illusion that health care is free, which it certainly isn't.

By making children free and expanding premium assistance, an additional 335,000 people will see their premiums reduced, including 70,000 single parent families. An additional 45,000 people will no longer pay MSP premiums at all.

All told, these changes mean nearly two million British Columbians, or more than 40% of the population, won't pay MSP premiums, and an additional X British Columbians will be eligible for reduced premiums.

## **HOUSING AFFORDABILITY**

Madam Speaker, one of the most basic needs in life...one that makes so many of life's ups and downs easier to bear...is knowing you have a home to go to at the end of the day.

Is there anything more reflective of who we are as Canadians than the dream of owning a home...and the ability to make that dream a reality.

For many B.C. families, that reality has become harder to achieve in recent years as home prices have continued to rise.

British Columbians are seeking explanations and solutions for a sharp rise in the price of homes in some areas of the province – particularly the lower mainland.

And the truth is that despite what many people seem to think, the causes of rising property values are complex and really can't be attributed to any single factor.

One of the ways we can better understand what's actually driving property prices in the province, is to collect additional data on purchasers.

The government stopped collecting data that specifically identified foreign purchasers in 1998. We believe there is a legitimate need to resume that process again. Therefore, s.13 individuals who purchase property will need to disclose if they are citizens or permanent residents of Canada, and, if they are not, their citizenship and country of residence.

Let me be clear, however. Our laws allow non-residents to own property and our government continues to welcome, indeed encourages, those who choose to come to our province to invest, create new jobs and hopefully to make their lives here and contribute to the social and economic fabric of our communities.

We are proud of the diversity in our communities. That diversity makes us stronger.

As a government, we are committed to working on solutions to the affordability of housing, but we also have to be cautious to ensure we create a plan that will truly create positive change.

That means we cannot simply focus on measures to help more people to enter the market without also striving to increase the available supply of housing to meet that new demand.

Without an increase in housing supply, there will simply be more buyers competing in the same market, ultimately driving prices even higher.

All governments and stakeholders have to work together to make sure the supply is there to meet increased demand.

Since being introduced by the Vanderzalm government in the 1980's, the base calculation and thresholds for the Property Transfer Tax remained unchanged despite dramatically increased property values.

That will change effective February 17, 2016 when the purchase of a new home valued at up to \$750,000 will become totally exempt from the Property Transfer Tax.

Again, that's new housing...new additions to the housing supply and represents a saving to the purchaser of that new home of up to \$13,000.

The cost of this measure to the Treasury will be offset by adding a third tier to the property transfer tax rate at a rate of 3% on the value of property above \$2 million.

Once again this year, Budget 2016 holds the line on provincial school and rural property taxes, following our long-standing policy of lowering property tax rates so that revenue from the average home or business increases only by the rate of inflation.

We will also help individuals with disabilities with the rising cost of their special needs by extending the Home Renovation Tax Credit to help those with disabilities.

This is a tax credit that provides \$1,000 annually to help with the cost of certain permanent home renovations that improve accessibility, mobility or functionality in a home.

We can help more people afford to purchase a home, but municipalities must also do their part on the supply side.

That means reducing red tape, costs and fees, as well as ensuring developments can be approved in a timely fashion.

Regrettably, there are reports of some local governments taking up to two years to approve a residential housing development.

That means in some municipalities, even if a builder were to put in an application tomorrow, you wouldn't see shovels in the ground until early 2018.

Some local governments are already doing a good job of trying to move their processes forward to get housing approved. Penticton, for example, recently concluded a three-way agreement that is adding 70 units of housing for low to moderate income families and individuals.

We need more of this kind of collaboration, and I urge upon municipal leaders to work together through UBCM to share best practices and find ways to streamline these processes.

Municipal leaders responsible for local zoning regulations and regional directors responsible for planning must also contribute by using the tools at their disposal to help improve the

supply of new housing at prices that are affordable. Although many are urging the Provincial Government to step in legislatively to address these issues, we see this as a last resort and believe that if the will truly exists, local governments will do their part to help make the dream of home ownership a reality for more British Columbians.

While we work to help more British Columbians work towards owning a home, we must not overlook the many low-income and vulnerable British Columbians for whom home ownership will remain a dream.

Budget 2016 includes new taxpayer-supported capital spending of \$355 million by the BC Housing Management Commission over the next five years.

This new program will increase the supply of housing across the province through the construction and renovation of affordable housing for people with low to moderate incomes.

We have worked to identify a number of projects through the Provincial Investment in Affordable Housing Initiative that can proceed quickly, so more vulnerable British Columbians will have a roof over their heads as quickly as possible.

These projects will help those at risk of homelessness, low-income families and individuals, seniors and aboriginals.

Having a safe and secure place to call home is a basic human need, and it's one we are committed to continuing to work on so that all British Columbians have that same opportunity for a place to call home.

### **B.C. Training and Education Savings Program**

And within those homes will reside our most valuable asset of all...our children.

And we know that with the exception of the love and care they receive from their parents and families, the greatest determinant of their success, including owning their own home one day, is the access they have to post-secondary training.

Back in 2013, we announced the BC Training and Education Savings Program, which provides a one-time \$1200 grant to the Registered Education Savings Plans of eligible BC children born on January 1, 2007 or later.

Thousands of families have already taken advantage by establishing an RESP and registering for this program that helps parents plan and save early for their child's education after high school so they can get the training they need to succeed.

This year we will be spending \$39 million to extend the eligibility for the program to eligible children born on or after January 1, 2006 so that an additional 40,000 plus children are better positioned to make their dreams a reality.

### **B.C. Prosperity Fund – today's prosperity, tomorrow's promise**

Madam Speaker, Balanced budget 2016 is a budget for a province poised to take advantage of our opportunities:

- Four successive balanced budgets.
- On track to eliminate our direct operating debt.
- Services that support our citizens<sup>s.13</sup>
- A plan to enhance and continue diversifying and growing our economy to create good, family-supporting jobs – showing the strongest growth forecasts among provinces.

Recognizing our province is on a positive path and generating dividends from that success, our government will this year keep a commitment made to British Columbians.

Budget 2016 will establish a B.C. Prosperity Fund, with an inaugural commitment of \$100 million from the forecast 2015/16 surplus. The Prosperity Fund will be long-term legacy intended to

- help eliminate the Province's debt over time;  
s.13 ; and
- make investments in health care, education and other priorities that provide future benefits to British Columbia.
- preserve a share today's prosperity for future generations.

As we continue to ensure a balanced budget provides surpluses, so too will we ensure a portion of those surpluses will be set aside to benefit future generations.

The first priority will continue to be reducing our borrowing requirements and retiring taxpayer supported debt – a minimum of 50% of each year's allocation will be devoted to reducing the burden of taxpayer-supported debt on future generations.

We will have a modest opportunity to make investments in health care, education or other priorities that provide long-term benefits to British Columbia.

And a minimum of 25% will remain in the fund to grow and serve as an endowment for future generations.

While today's initial investment is modest, future government surpluses and anticipated future revenues will help grow the savings over time.



A lasting legacy of today's prosperity and responsible fiscal management to support and ensure the prosperity of British Columbians in the future.

## **CONCLUSION**

So...we're on track! We're balanced! We're strong! We're better equipped than any other jurisdiction in Canada to deal with the looming uncertainty and economic headwinds we see building internationally! We're leading the nation!

And the "experts" hail us as the envy of the nation and the example that others should follow.

That's great news...but with the greatest of respect to the economists and rating agencies, it's not what motivates us each day and drives us forward.

No...for that we look to an entirely different kind of report card...the one issued by British Columbians themselves.

Like the report card issued by Chief Jonathan Kruger of the Penticton Indian Band when he commented upon the success of the Band's Development Corporation:

"We're breaking records every year for the amount of band members working. The sub trades are really busy and it's a good injection into the local economy."

"It's great to see so many young people working. It really warms my heart and gives them an opportunity to live better lives. It will mean better services and infrastructure for our community, like streetlights, sidewalks, schools and language programs."

Or the remarkably poignant report card issued by Jodi, a single parent, describing the single parent employment initiative:

"If it wasn't for this program, I don't know where I would be career-wise right now. The fact they are able to contribute to child care, living expenses, travel expenses and your general income is just amazing. There is nothing more satisfying than knowing that I will be able to build a better life for my kids once I graduate. I want my children to know that if you really dedicate yourself to something, you can go somewhere in life. And I want to encourage other single parents on assistance to join the program, find a career and have hope."

No...triple A is important but not just because of what it says about us to the rest of the world. Within B.C. triple A has another meaning...accountable, assured, advancing ('appy!).

MINISTER TO ADD FINAL COMMENTS

## McLachlin, Jessica GCPE:EX

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**From:** Edwardson, Jamie GCPE:EX  
**Sent:** Saturday, January 30, 2016 9:52 AM  
**To:** Williams, Susan GCPE:EX  
**Subject:** FW: current draft

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

### Edits to the SDSI section

1. We are also making sure our social safety net is there for other vulnerable British Columbians.
2. That is why Budget 2016 provides an extra \$286 (this should be \$250. \$36 is for CLBC. Or include CLBC in the description - JE) million over the next three years to the Ministry of Social Development and Social for individuals and families in need, addressing caseload pressure for temporary income assistance, disability assistance and related supplementary benefits.
3. There is a measure of independence in daily life as we perform our daily tasks that many of us take for granted.
4. To support the goals established in Accessibility 2024 – this government's plan to make B.C. the most progressive province in Canada for people with disabilities – Budget 2016 provides \$170 million over three years to increase income assistance rates for Persons with Disabilities.
5. This increase in rates will take effect September 1, 2016.
6. And in addition to being challenged by rates that haven't changed in a number of years...and the purchasing power that affords people...there's a fundamental inequity that has arisen relating to the fact that depending on where you live, you may or may not receive assistance for a basic need like transportation costs.
7. Some get \$52 for a bus pass. Others get \$66 for a Special Transportation Subsidy. Almost half of those on disability assistance get nothing.
8. We think that's unfair, and we think all British Columbians...no matter where they live...deserve to have their need to move about taken into account.
9. That's particularly true for those with disabilities.
10. Disability Assistance is there to promote greater independence for people with disabilities, and transportation is fundamental to independence.
11. s.13
12. That means those on disability assistance will be receiving an increase of up to \$77 per month.
13. Though this certainly doesn't eliminate the challenges those living with disabilities face, it does make it easier.
14. And it eliminates an inequity.
15. We are also providing a \$36 million increase over the fiscal plan to Community Living BC to support services for individuals with developmental disabilities and their families, and to address continued caseload growth and demand for services.
16. A society's measure can be determined by our ability to help the most vulnerable and create the kind of supports that will truly make a difference in their lives. And as our provincial economy continues to grow stronger in the years ahead, our ability to deal with these kinds of pressures will continue to improve.
17. For these British Columbians, we want to be able to provide the help they need to be happy, healthy, productive and as independent as possible in their lives.
18. That's what our social safety net is there for.

Page 089 to/à Page 105

Withheld pursuant to/removed as

s.13

## McLachlin, Jessica GCPE:EX

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**From:** Thomson, Craig S FIN:EX  
**Sent:** Friday, January 29, 2016 1:03 PM  
**To:** Williams, Susan GCPE:EX  
**Subject:** FW: Speech

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

You don't seem to be on the distribution for this ... hope you got it too?

Cheers,  
C.

~~~~~  
**Craig Thomson**  
Strategic Advisor, Treasury Board Staff  
desk: 250.356.5911  
mobile: 250.580.7438

**From:** Dawes, Len SDSI:EX  
**Sent:** Friday, January 29, 2016 10:44 AM  
**To:** Thomson, Craig S FIN:EX; Taylor, Sheila A SDSI:EX  
**Cc:** Godin, Keith FIN:EX; Thomas, Martha O SDSI:EX  
**Subject:** RE: Speech

Hi Craig,  
See small edits below. Thanks Len

**From:** Thomson, Craig S FIN:EX  
**Sent:** Friday, January 29, 2016 10:09 AM  
**To:** Dawes, Len SDSI:EX; Taylor, Sheila A SDSI:EX  
**Cc:** Godin, Keith FIN:EX; Thomas, Martha O SDSI:EX  
**Subject:** Speech  
**Importance:** High

Len / Sheila: Could you please validate the following text for potential inclusion in budget speech ... need reply soonest possible. Thanks!

s.13

Page 107 to/à Page 108

Withheld pursuant to/removed as

s.13

Len / Sheila: Could you please validate the following text for potential inclusion in budget speech ...  
need reply soonest possible. Thanks!

s.13

Cheers,  
C.

~~~~~

**Craig Thomson**  
Strategic Advisor, Treasury Board Staff  
desk: 250.356.5911  
mobile: 250.580.7438

## McLachlin, Jessica GCPE:EX

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**From:** Godin, Keith FIN:EX  
**Sent:** Friday, January 29, 2016 12:46 PM  
**To:** Williams, Susan GCPE:EX  
**Cc:** Thomson, Craig S FIN:EX; Piccott, Ryan FIN:EX  
**Subject:** RE: Speech

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Craig, Ryan – can you please send Susan your suggested edits to below and updated SDSI budget numbers  
Susan – FYI – we checked with the SDSI DM on this...

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**From:** Williams, Susan GCPE:EX  
**Sent:** Friday, January 29, 2016 9:33 AM  
**To:** Godin, Keith FIN:EX  
**Subject:** RE: Speech

Quick question...does the increase in disability assistance rates take into account making it fair in terms of providing funding for transportation? I got this from the Minister the other day, and wondering if it's still accurate:

- there's a fundamental inequity that has arisen relating to the fact that depending on where you live, you may or may not receive assistance for a basic need like transportation costs.
- Some get \$50 for transportation in some areas. Others get \$66 for transportation. Half of those on disability assistance get nothing.
- We think that's unfair, and we think all British Columbians...no matter where they live...deserve to have their need to move about taken into account.
- That's particularly true for those with disabilities.
- Disability Assistance is there to promote greater independence for people with disabilities, and transportation is fundamental to independence.

s.13

- Though this certainly doesn't eliminate the challenges those living with disabilities face, it does make it easier.
- And it eliminates an inequity.

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**From:** Godin, Keith FIN:EX  
**Sent:** Friday, January 29, 2016 8:35 AM  
**To:** Edwardson, Jamie GCPE:EX; Williams, Susan GCPE:EX  
**Subject:** RE: Speech

s.12,s.13

Page 111 to/à Page 112

Withheld pursuant to/removed as

s.13



## McLachlin, Jessica GCPE:EX

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**From:** Edwardson, Jamie GCPE:EX  
**Sent:** Friday, January 29, 2016 11:31 AM  
**To:** Williams, Susan GCPE:EX  
**Subject:** Fw: Speech

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Info and edits

Sent from my BlackBerry 10 smartphone on the TELUS network.

**From:** Fillion, Corinna GCPE:EX  
**Sent:** Friday, January 29, 2016 11:26 AM  
**To:** Edwardson, Jamie GCPE:EX  
**Subject:** FW: Speech

fyi

**From:** Taylor, Sheila A SDSI:EX  
**Sent:** Friday, January 29, 2016 10:35 AM  
**To:** Dawes, Len SDSI:EX  
**Cc:** Fillion, Corinna GCPE:EX  
**Subject:** Re: Speech  
s.13

Sent from my iPhone

On Jan 29, 2016, at 10:24 AM, Dawes, Len SDSI:EX <[Len.Dawes@gov.bc.ca](mailto:Len.Dawes@gov.bc.ca)> wrote:

s.13

**From:** Thomson, Craig S FIN:EX  
**Sent:** Friday, January 29, 2016 10:09 AM

**To:** Dawes, Len SDSI:EX; Taylor, Sheila A SDSI:EX  
**Cc:** Godin, Keith FIN:EX; Thomas, Martha O SDSI:EX  
**Subject:** Speech

**Importance:** High

Len / Sheila: Could you please validate the following text for potential inclusion in budget speech ...  
need reply soonest possible. Thanks!

s.13

Cheers,  
C.

~~~~~

**Craig Thomson**  
Strategic Advisor, Treasury Board Staff  
desk: 250.356.5911  
mobile: 250.580.7438

Page 115

Withheld pursuant to/removed as

s.12;s.13

This budget also makes changes to Medical Services Plan (MSP) premiums, including enhanced premium assistance to help lower-income families, individuals and seniors with the cost of living. Premiums will no longer be charged for children, and this is a particular benefit for 70,000 single-parent families who will now only pay for the adult. These changes to MSP premiums mean that 45,000 people will no longer pay premiums at all and an additional 335,000 people will see their premiums reduced. Once the changes have been implemented, nearly two million British Columbians, or more than 40% of the population, will pay no premiums at all.

While our social safety net benefits all British Columbians, it's a reality that some children, individuals and families need extra help to overcome life's hardest challenges. Budget 2016 provides an additional \$673 million over three years for children, families and individuals in need, with \$217 million going to help vulnerable children and their families and \$456 million to help other individuals in need, including an increase in monthly disability income assistance rates—up to \$77 per month.

The budget also uses today's fiscal strength to ensure a portion of surpluses are set aside to benefit future generations. The BC Prosperity Fund, which begins with an inaugural commitment of \$100 million of the forecast 2015-16 surplus, is being established to:

- Help eliminate the Province's debt over time.
- Invest in health care, education, transportation, family supports and other priorities.
- Preserve a share of today's prosperity for future generations.

By showing discipline in tough fiscal times, we've been able to free up hundreds of millions of dollars for reinvestment in expanded programs and services for the people of B.C. who rely on them. Budget 2016 continues this province on the path to success, meeting today's needs while working toward a bright future for this province.

**February 16, 2016**

## **MLA Questions & Answers**

### **1. Is the 2015-16 budget on track to be balanced?**

- Government is on track to balance the 2015-16 budget with a projected surplus of \$377 million.
- Balanced Budget 2016 forecasts modest surpluses in all three years of the fiscal plan:
  - \$264 million in 2016-17
  - \$287 million in 2017-18
  - \$373 million in 2018-19

### **2. What are you doing to address the cost of housing?**

- Creating new housing supply is critical to improving housing affordability in the real estate market and government is acting to help the housing market respond to high demand for homes.
- Newly built homes – including condominiums – priced up to \$750,000 will be fully exempt from the property transfer tax when bought by Canadian citizens or permanent residents as a principal residence and lived-in for a full year. Saving a purchaser up to \$13,000.
- The New Housing Exemption will be funded by increasing the property transfer tax rate to 3% from 2% on the portion of fair market value over \$2 million.
- The New Housing Exemption will support efforts by local governments to make changes to improve housing density.
- Government will also be investing capital funding of \$355 million over the next five years for construction and renovation of affordable housing for people with low to moderate incomes.
- Government will also resume collecting data that specifically identifies foreign purchasers beginning this summer. Citizenship disclosure was required with land transfers until 1998.
- These changes will generate data that will allow government to monitor the volume of foreign investment and use of bare trusts and assess what effect, if any, they have on pricing.
- BC Housing is also conducting a study on the key factors affecting housing affordability in British Columbia, which may then contribute to policy-making across all levels of government.

- The Province also continues to work in collaboration with other levels of government to support British Columbians' ability to buy or rent at prices they can afford.

### **3. What changes are coming to MSP premiums?**

- Changes to Medical Services Plan (MSP) premiums and enhanced premium assistance effective Jan. 1, 2017, will help lower-income families, individuals and seniors with the cost of living.
- With these changes, the calculation of MSP premiums will no longer include children. Instead, the monthly rate for each household will be based only on the number of adults. Effective Jan. 1, 2017, the adult rate is set at \$78 per month.
- The Province is also investing an additional \$70 million annually to enhance premium assistance, helping more lower-income families, seniors and individuals qualify for reduced rates.
- Families and individuals receiving premium assistance who currently pay partial premiums will see their premiums reduced, and additional households earning above the current premium assistance threshold will qualify for assistance.
- With these changes, an additional 335,000 people will see their premiums reduced, including 70,000 single parent families.
- An additional 45,000 people will no longer pay MSP premiums at all.
- Once the changes have been implemented, nearly two million British Columbians will pay no premiums at all.

### **4. Why isn't government integrating MSP into the income tax system?**

- MSP premiums are important because they send a signal to remind people that health care isn't free. In fact, about half of every dollar government collects – whether through consumption taxes, income taxes or property taxes – is devoted to health care.
- Integrating MSP premiums into the income tax system would require a change in the structure of MSP premiums, from a premium based on family income to a premium based on individual income.
- This is because MSP premiums are administered on a per family basis, while the income tax system is administered on an individual basis.
- Changing premiums in such a manner would result in significant distributional impacts on British Columbia families that would have to be carefully considered.

### **5. What is the Prosperity Fund?**

- Budget 2016 establishes the B.C. Prosperity Fund with an inaugural commitment of \$100 million, derived from the forecast 2015/16 surplus.
- This fund will be a long-term legacy that is intended to:

- Help eliminate the Province's debt over time
- Make investments in health care, education, transportation, family supports and other priorities that provide future benefits to British Columbia
- Preserve a share of today's prosperity for future generations.
- Government's lead priority for the new BC Prosperity Fund will be to reduce taxpayer-supported debt. Government will allocate a minimum of 50% of cash flowing into the fund to debt retirement, and a minimum 25% will be saved to accumulate earnings. The remainder will be available for core government priorities in the future.

#### **6. How much is being invested in the Ministry of Health budget?**

- Budget 2016 provides Ministry of Health with additional funding in support of health services with increases totaling \$3.2 billion over three years compared to the 2015/16 level.
- This means the average rate of growth over the three-year fiscal plan will be 3%, the same as the ministry's budget growth in 2015/16.
- In the coming years, the Ministry of Health budget in British Columbia is forecast to be:
  - 2016/17: \$17.97 billion
  - 2017/18: \$18.51 billion
  - 2018/19: \$19.06 billion

#### **7. What does this budget do to support the children and families?**

- Budget 2016 provides \$217 million over three years for the Ministry of Children and Family Development to go towards helping vulnerable kids and families, including implementing the recommendations in the Plecas report.
- This investment will fund more than 130 new staff, including 100 additional front-line social workers, resources for further training, quality assurance, and technology.
- Budget 2016 provides \$456 million for the Ministry of Social Development and Social Innovation to support those in need and to increase monthly disability income assistance rates.

#### **8. What about economic investments and job creation?**

- Budget 2016 provides \$143 million over three years to enhance key areas of the B.C. economy that support jobs in communities, including:
  - The new \$75-million Rural Dividend Program to help small communities strengthen and diversify their economies.
  - \$8 million in additional support for youth trades training
  - \$5 million for building the B.C. wood brand in India

**February 16, 2016**

## **Key messages**

- Budget 2016 is the B.C. government's fourth-consecutive balanced budget.
- Government is on track to balance the 2015-16 budget with a projected surplus of \$377 million.
- Balanced Budget 2016 forecasts modest surpluses in all three years of the fiscal plan:
  - \$264 million in 2016-17.
  - \$287 million in 2017-18.
  - \$373 million in 2018-19.
- By the end of 2015-16, the direct operating debt will be reduced by \$2.2 billion since government resumed balancing its budget.
- If we adhere to our prudent and disciplined path, we have the opportunity as early as 2020, in just four years, to completely eliminate the operating debt.
- Balanced Budget 2016 invests \$1.6 billion in new and increased spending over three years on core services, in addition to annual 3% increases to the Ministry of Health budget, almost \$500 million of which is funded by lower interest costs from paying down operating debt.
- New and increased investments in government programs and services include:
  - \$3.2 billion over three years added to the Ministry of Health compared to 2015-16.
  - \$217 million for the Ministry of Children and Family Development to support vulnerable youth and their families.
  - \$456 million for the Ministry of Social Development and Social Innovation to support those in need and to increase monthly disability income assistance rates.
  - \$143 million over three years to enhance key areas of the B.C. economy that support jobs in communities, including the new \$75-million Rural Dividend Program to help small communities strengthen and diversify their economies, additional support for youth trades training, building the B.C. wood brand in India, and additional BC Transit funding.






## **MSP changes**

- Changes to Medical Services Plan (MSP) premiums and enhanced premium assistance effective Jan. 1, 2017, will help lower-income families, individuals and seniors with the cost of living.
- With these changes, the calculation of MSP premiums will no longer include children. Instead, the monthly rate for each household will be based only on the number of adults. Effective Jan. 1, 2017, the adult rate is set at \$78 per month.
- The Province is also investing an additional \$70 million annually to enhance premium assistance, helping more lower-income families, seniors and individuals qualify for reduced rates.
- Families and individuals receiving premium assistance who currently pay partial premiums will see their premiums reduced, and additional households earning above the current premium assistance threshold will qualify for assistance.
- With these changes, an additional 335,000 people will see their premiums reduced, including 70,000 single parent families.
- An additional 45,000 people will no longer pay MSP premiums at all.
- Once the changes have been implemented, nearly two million British Columbians will pay no premiums at all.
- A new calculator is now available on the government website to help British Columbians estimate whether they could qualify for premium assistance today, and also when the enhancements take effect in 2017.

## **Affordable housing**

- Creating new housing supply is critical to improving housing affordability in the real estate market and government is acting to help the housing market respond to high demand for homes.
- Newly built homes – including condominiums – priced up to \$750,000 will be fully exempt from the property transfer tax when bought by Canadian citizens or permanent residents as a principal residence and lived-in for a full year. Partial exemptions are available for new housing valued up to \$800,000.
- The exemption will save a purchaser up to \$13,000, and provide an estimated \$75 million in property transfer tax relief for new construction in 2016-17.
- The new exemption is expected to benefit owners of about 22,000 new homes in 2016, many of which will be in the Vancouver area.

- 
- The New Housing Exemption will be funded by increasing the property transfer tax rate to 3% from 2% on the portion of fair market value over \$2 million.
  - Government will also be investing capital funding of \$355 million over the next five years for construction and renovation of affordable housing for people with low to moderate incomes.
  - This investment will increase the supply of housing across the province through the construction and renovation of more than 2,000 units of affordable housing for people with low to moderate incomes.
  - The New Housing Exemption will support efforts by local governments to make changes to improve housing density.

### **Real estate data collection**

- Proposed changes to the Property Transfer Tax Act will generate data that will allow government to monitor the volume of foreign investment and use of bare trusts.
- Citizenship disclosure was required with land transfers until 1998. Government will resume collecting data that specifically identifies foreign purchasers beginning this summer.
- BC Housing is also conducting a study on the key factors affecting housing affordability in British Columbia, which may then contribute to policy-making across all levels of government.

### **Additional investments in programs and services**

- Budget 2016 provides an additional \$217 million over three years for the Ministry of Children and Family Development will go towards:
  - \$152 million for children-in-care and related programs
  - \$11 million to support child care centres
  - \$51 million for children and youth in care with special needs
  - \$3 million for facilitating adoption of children in care
- Budget 2016 calls for the hiring of more than 130 new staff, including 100 additional front-line social workers, resources for further training, quality assurance, and technology.
- An additional \$456 million for the Ministry of Social Development and Social Innovation to support those in need and to increase monthly rates for disability income assistance.

- People living on disability assistance will receive up to \$77 per month to help cover transportation cost or other expenses of their own choosing. This will be of particular benefit to the estimated 47,000 people who currently receive no transportation allowance, regardless of where they live.

### **Investing in health care**

- British Columbia is recognized as a Canadian leader in health and wellness.
- Budget 2016 continues to add more dollars to health care with \$3.2 billion of additional funding overall for the Ministry of Health in the next three years compared to its 2015-16 budget.
- In the third year alone, we forecast an increase of \$560 million compared to the previous year, bringing the annual ministry budget to a forecast \$19 billion in 2018-19.
- There is \$1.4 billion per year in operating funding already being spent on mental health treatment and supports.
- In addition, we've allocated \$101 million in capital to construct a 105-bed mental health facility in Coquitlam to help patients who are severely addicted and mentally ill.
- Budget 2016 includes \$2.9 billion in health infrastructure projects, such as:
  - Royal Inland Hospital – clinical services building, Kamloops.
  - B.C. Children's & Women's Hospital Redevelopment (clinical support building & acute care centre), Vancouver.
  - Penticton Regional Hospital - Patient Care Tower.
  - North Island Hospitals, Comox Valley & Campbell River.

### **Other priority investments in 2015/16:**

- \$95 million for strategic wildfire prevention and mitigation investments.
- \$65 million for flood mitigation and emergency response.
- \$39 million to extend the BC Training and Education Savings Program to eligible children born on or after January 1, 2006, so that an additional 40,000 plus children are better positioned to make their dreams a reality.
- \$13 million for Innovative Clean Energy Fund.



## **Economy & competitiveness**


- B.C. continues to be the gold standard for fiscal prudence and management.
- We are alone among the provinces rated “Triple-A Stable” credit rating from both international credit rating agencies.
- This is a reflection of the disciplined fiscal management that British Columbians have demanded of their government and the solid economic growth that British Columbians have achieved.
- We are poised to lead the country in economic growth in 2016, we are attracting people from other provinces and employment has exceeded our forecasts in 2015.
- B.C. currently has the lowest provincial personal income taxes in Canada for individuals earning up to \$122,000 a year.

## **Infrastructure investments**

- Budget 2016 continues to invest in new and upgraded infrastructure to support services and jobs. Taxpayer-supported infrastructure spending will inject \$12 billion into the economy over the next three years, build new projects, and expand and sustain existing infrastructure including:
  - \$2.9 billion for health infrastructure and hospital projects
  - \$1.7 billion for K-12 schools
  - \$2.5 billion for post-secondary education facilities and labs
  - \$3.1 billion for transportation investments

## **Prosperity Fund**

- Budget 2016 establishes the B.C. Prosperity Fund with an inaugural commitment of \$100 million from the forecast 2015-16 surplus. This long-term legacy is intended to:
  - Help eliminate the Province’s debt over time
  - Invest in health care, education, transportation, family supports and other priorities that provide future benefits to British Columbia
  - Preserve a share of today’s prosperity for future generations.

- 
- Government's priority for the new B.C. Prosperity Fund will be to reduce taxpayer-supported debt. Government will allocate a minimum of 50% of cash flowing into the fund to debt retirement, and a minimum 25% will be saved to accumulate earnings. The remainder will be available for core government priorities in the future.

## **LNG**

- Today there are 20 LNG proposals in B.C. at various stages of development, and we will continue to work with the private sector to move forward on projects.
- We have seen important and substantive progress in the development of an LNG industry in B.C., but in an effort to maintain fiscal prudence we have not included LNG projects in our revenue.
- The fundamental advantages that have attracted LNG proponents to B.C., including the enthusiastic participation of so many First Nations, have not changed. The forecasts for growing worldwide demand for a reliable supply of LNG remain unchallenged.

**February 16, 2016**

## **MLA Stump Speech**

Budget 2016 once again shows the results of prudent fiscal planning with our fourth budget balanced budget in a row!

**(Slide 1)**

The budgetary plan for 2016-17 anticipates:

|                         |                |
|-------------------------|----------------|
| Total spending of       | \$47.5 billion |
| Total revenues of       | \$48.1 billion |
| A forecast allowance of | \$350 million  |
| A budget surplus of     | \$264 million  |

This government designed and followed a plan that incorporates various levels of fiscal prudence, and it's a plan that has helped B.C.'s finances stay on solid footing against the same global economic forces that have driven other economies down.

### **ECONOMY**

Volatility has impacted economies across Canada and around the world. The downward spiral of the oil sector continues.

Lower prices for metals, minerals and energy products, alongside weak global demand, are weighing on the growth of exports.

However, B.C.'s economy has experienced steady and stable growth over the past year, and that trend is forecast to continue – with notable strength in consumer spending, housing, and employment.

**(Slide 2)**

Retail sales continue to be a driver in B.C.'s economy, advancing 6.8% year-to-date to November 2015.

**(Slide 3)**

Employment has exceeded our forecasts with growth of 1.2% in 2015.

**(Slide 4)**

The housing market has also exceeded expectations. Housing starts are up 10.9% in 2015 and the value of residential building permits up 26.6% year-to-date to November 2015.

## **ECONOMIC AND FISCAL OUTLOOK FOR 2016-20**

British Columbia's budget process incorporates three levels of prudence that help keep spending within our means.

The first level of prudence is the fact that, as usual, government's projections are slightly lower than the outlook provided by the Economic Forecast Council.

### **(Slide 5)**

The Economic Forecast Council is projecting growth for B.C. as follows:

|         |      |
|---------|------|
| 2016    | 2.7% |
| 2017    | 2.6% |
| 2018-20 | 2.4% |

This year we're projecting B.C. economic growth of:

|      |      |
|------|------|
| 2016 | 2.4% |
| 2017 | 2.3% |
| 2018 | 2.3% |

Those prudent projections have been important, particularly in years like this past one where external growth projections have declined slightly over the year to take the current global economic situation into account.

The second level of prudence is the forecast allowances, which provides us with the kind of budgetary flexibility we need to manage any unforeseen revenue changes. Budget 2016 has built in forecast allowances of \$350 million for each year of the fiscal plan.

And in our third traditional level of prudence, we've built in spending contingencies to help manage unexpected expenses, or now spending priorities. Our fiscal forecast lists contingencies as follows:

|         |               |
|---------|---------------|
| 2016-17 | \$450 million |
| 2017-18 | \$400 million |
| 2018-19 | \$400 million |

### **(Slide 6)**

The bottom line for taxpayers is that we're on track for a balanced budget for the next three years with forecasted surpluses that will allow us to reduce borrowing requirements and continue reducing our direct operating debt.

|         |                       |
|---------|-----------------------|
| 2016-17 | \$264 million surplus |
| 2017-18 | \$287 million surplus |
| 2018-19 | \$373 million surplus |

Since we started balancing the budget, we will have reduced direct operating debt by over \$2.2 billion.

(Slide 7)

And, by the end of this fiscal plan, if we maintain our course, direct operating debt is projected to be at its lowest point since 1984/85.

What's more, if we adhere to our prudent and disciplined path, we have the opportunity as early as 2020 to completely eliminate the operating debt... and for the first time in 45 years since 1975 the province will no longer carry the burden of an operating debt.

### **BUDGET 2016 SPENDING PLAN**

But the benefits lie much further than being able to say we no longer carry an operating debt. It means we're able to reinvest the dollars we save in interest payments on priority programs for the families and individuals in B.C. who need it most.

Budget 2016 includes \$1.6 billion in new incremental spending over the fiscal plan – plus annual increases of 3% for health care funding.

And I'm proud to say that just under \$500 million of that funding is made possible because of reduced interest payments on our reduced operating debt.

(Slide 8)

#### **Spending on Infrastructure**

This three-year fiscal plan projects total capital spending in the amount of \$20.6 billion – of which \$12 billion is taxpayer supported and will ensure that record levels of investment in health, education, skills training facilities, transportation and community safety infrastructure are made. That total includes:

\$2.9 billion in health infrastructure projects, such as:

- Royal Inland Hospital – clinical services building, Kamloops
- Children & Women's Hospital Redevelopment (clinical support building & acute care centre), Vancouver
- Penticton Regional Hospital - Patient Care Tower, Penticton
- North Island Hospitals, Comox Valley & Campbell River



\$1.7 billion in K-12 education infrastructure, including such projects as:

- Clayton North Secondary, Surrey
- Smiling Creek Elementary, Coquitlam
- North West Elementary, Fort St. John
- Alpha Secondary seismic upgrade, Burnaby
- Sir Charles Kingsford-Smith seismic upgrade, Vancouver
- Georges P. Vanier seismic upgrade, Courtenay

\$2.5 billion in infrastructure spending for post-secondary education, skills and trades training, for such projects as:

- Emily Carr University of Art & Design Campus Redevelopment, Great Northern Way, Vancouver
- University of British Columbia – Life Sciences Teaching Laboratories Redevelopment, Vancouver
- Selkirk College – Trades Facility Renovation, Nelson

\$3.1 billion in transportation investments, including:

- Highway 1: Admirals Road/McKenzie Ave Interchange, Saanich
- Highway 1 widening and 216<sup>th</sup> St Interchange, Langley
- Reconstruction of Fort Nelson River Bridge (Hwy 77), Ft. Nelson

**(Slide 9)**

**Building the Economy**

We have been and will continue to market British Columbia's advantage to the world, including our:

- Stable investment climate,
- Strong labour pool,
- Active First Nations participation,
- Competitive fiscal regime,

- Strong regulatory framework.

Budget 2016 continues to build on our strong and diverse economy by providing:

- \$1 million as the second year of funding for the International Maritime Centre, a project that is already attracting more international maritime companies to British Columbia — along with the businesses and jobs that support them.
- The third installment of our \$5 million funding contribution to our partnership with the Aerospace Industries Association of Canada's Pacific Division.
- An additional \$5 million over three years to promote a stronger B.C. wood brand in India to help B.C. companies establish themselves as the world's leading supplier of sustainably harvested wood products to a market that includes the world's largest middle class.

And while we work to encourage investment from around the world, this budget is also working to grow the outstanding economic potential we have right here in B.C. by funding a number of initiatives, such as:

- \$5 million to expand the Small Business Venture Capital Tax Credit.
- \$8 million over three years for increased youth trades training to help more of our young people participate in B.C.'s growing industries.

As previously announced, Budget 2016 also provides support to the mining sector by extending the Mining Exploration Tax Credit for three years and the British Columbia Mining Flow-Through Share Tax Credit for one year to encourage exploration.

### **Clean Technology**

Budget 2016 builds on B.C.'s leadership in clean technology and climate action.

Climate change is a global issue, and the Premier has made it clear that B.C. will remain a climate action leader.

Budget 2016 continues that leadership with support for the Clean Energy Vehicle Incentive Program, which provides British Columbians with incentives when considering the variety of clean and green choices for their transportation needs.

### **Building Communities**

British Columbians want to know they are being supported to have safe and vibrant communities.

For our communities, Budget 2016 commits:

- \$75 million over the next three years to the Rural Dividend Program, to help struggling communities reinvigorate and diversify their local economies.
- Support for public and community safety, including \$5 million for the Guns and Gangs strategy as per our UBCM commitment.
- \$128 million in operating funding for the new Okanagan Correctional Centre, due to open in early 2017, which will add about 240 jobs to the area.

### **Managing Emergencies and Natural Disasters**

In 2015-16 we're providing targeted investments to help protect B.C.'s communities against future wildfires and other natural disasters, including:

- \$85 million to establish a new organization—the Forest Enhancement Society of BC—that will work towards wildfire prevention and mitigation through forest fuel management, reforestation and habitat restoration.
- \$10 million for the Strategic Wildfire Prevention Initiative for Community Wildfire Protection Plans, Fire Smart Planning Activities and Fuel Management Projects, which follows through on another UBCM commitment.
- \$55 million in emergency preparedness and prevention initiatives, such as upgrading dikes and flood protection in vulnerable communities.
- And \$10 million in one-time funding to help bolster training, administrative support and equipment renewals of volunteer ground search-and-rescue organizations.

That's on top of a \$3 million increase over three years we're providing to Emergency Management B.C. to support outreach related to emergency preparedness.

### **Resource Development and Consultation**

Budget 2016 also provides an additional \$19 million to improve resource permitting and support work with first nations and improve consultation.

Resource development is vital to our economy, but we're also mindful that this must be balanced with the needs of our environment, our First Nations and our communities.

This funding is being provided to the Ministries of Aboriginal Relations and Reconciliation, Environment, Forests Lands and Natural Resource Operations, and Natural Gas Development to help them work together as they support responsible use of natural resources in the province.

This funding support includes First Nations engagement and consultation, as well as engagement and consultation with industry, community and other stakeholders.

## **HELPING B.C.'S MOST VULNERABLE**

For British Columbia's most vulnerable citizens, the strength and flexibility of our social safety net is vital to health, happiness and even survival.

That's why Budget 2016 is providing an additional \$673 million over the next three years to the Ministry of Children and Family Development and the Ministry of Social Development and Social Innovation to support families and individuals most in need.

(Slide 10)

### **Children and Family Development**

This budget provides an extra \$217 million over three years for the Ministry of Children and Family Development to go towards helping our most vulnerable children and families, including implementing recommendations in the Plecas report.

This new investment will fund more than 130 new staff, including 100 additional front line social workers, resources for further training, quality assurance, and technology.

And more specifically, this new investment includes:

- \$152 million to strengthen programs and services that provide for the welfare of children and youth, including child protection, children and youth in care, and family supports
- \$11 million to support child care centres
- \$51 million for children and youth in care with special needs, as well as autism programs, to meet increasing demand in that area
- \$3 million over three years to support adoption service and facilitate the adoption of children in care.

### **Helping the Agricultural support the vulnerable**

To promote and acknowledge the generosity of our agrifood sector, a new non-refundable farmers' food donation tax credit is being introduced.

The tax credit is available to individuals and corporations that carry on the business of farming and donate a qualifying agricultural product to a registered charity that provides food to those in need or helps to operate a school meal program.

As well, funding will continue for the B.C. Agriculture in the Classroom Foundation to ensure the continuance of the school fruits, vegetable and dairy program, which now serves fresh B.C. agricultural products to 549,000 students in more than 1,400 First Nations and public schools.

### **Social Development and Social Innovation**

Budget 2016 provides an extra \$250 million over the next three years to the Ministry of Social Development and Social Innovation for individuals and families in need, addressing caseload pressure for temporary income assistance, disability assistance and related supplementary benefits.

An additional \$36 million over three years is being provided to Community Living BC to support services for individuals with developmental disabilities and their families, and to address continued caseload growth and demand for services.

#### **(Slide 11)**

To support the goals established in Accessibility 2024 – this government's plan to make B.C. the most progressive province in Canada for people with disabilities -- Budget 2016 provides \$170 million over three years to increase income assistance rates for Persons with Disabilities.

This increase in rates will take effect September 1, 2016.

Rather than providing a transportation subsidy that only benefits some, effective September 1, irrespective of where they live, those on disability assistance will be receiving an increase – up to \$77 per month and the freedom to make their own choice about how to meet their own unique transportation needs.

#### **(Slide 12)**

### **HEALTH MINISTRY SPENDING**

British Columbia is recognized as a Canadian leader in health and wellness.

Budget 2016 continues to add more dollars to health care with \$3.2 billion of additional funding overall for the Ministry of Health in the next three years compared to its 2015/16 budget.

In the third year alone we forecast an increase of \$560 million compared to the previous year, bringing the annual ministry budget to a forecast \$19 billion in 2018-19.

There is \$1.4 billion in operating funding already being spent on mental health treatment and supports.

In addition, we've allocated \$101 million in capital funding to construct a 105-bed mental health facility in Coquitlam to help patients who are severely addicted and mentally ill.

This Coquitlam facility will complement the services that are available or will soon be available at:

- Greta & Robert H.N. Ho Centre for Psychiatry and Education (HOpe Centre) at Lions Gate Hospital, North Vancouver

- Joseph and Rosalie Segal Family Health Centre at Vancouver General Hospital
- Maples Treatment & Provincial Assessment Program, Coquitlam
- Royal Columbian Hospital – mental health facility, New Westminster

**(Slide 13)**

### **MSP Changes**

British Columbians enjoy world-class health care but this care comes at a cost.

In fact, total spending on health in across all ministries is already forecast to be nearly \$20 billion.

And MSP premiums fund only a small part of that investment, and those premiums should be distributed fairly, equitably, and in a way that makes sense.

That's why starting January 1, 2017, we will be changing MSP premiums and enhancing premium assistance to improve fairness and help B.C. families with the cost of living.

**(Slide 14)**

To begin with, all children will be exempted from MSP premiums and the monthly rate for each household will be based only on the number of adults. An adult couple will pay twice the single adult rate.

This will be of particular advantage for single parent families, who often have to work much harder to do more with less.

Under these changes, a household with one parent and two children will be charged the single adult rate, rather than the three-person rate as they are today. At a minimum, this family will save \$864 per year and, depending upon income, could save up to \$1,224 per year.

We are also investing an additional \$70 million annually to enhance premium assistance, helping more lower-income families, seniors and individuals qualify for reduced rates.

This change means that:

- a couple will be able to earn up to \$45,000 and qualify for reduced premiums.
- a single parent with two children will be able to earn up to \$48,000 and qualify for reduced premiums.

- a couple with two children will be able to earn up to \$51,000 and qualify for reduced premiums.
- and a senior couple will be able to earn up to \$51,000 and qualify for reduced premiums.

By making children free and expanding premium assistance, an additional 335,000 people will see their premiums reduced, including 70,000 single parent families. An additional 45,000 people will no longer pay MSP premiums at all.

All told, these changes mean nearly two million British Columbians, or more than 40% of the population, won't pay MSP premiums, and an additional 335,000 British Columbians will be eligible for reduced premiums.

### **HOUSING AFFORDABILITY**

Despite what many people seem to think, the causes of rising property values are complex and really can't be attributed to any single factor.

(Slide 15)

One of the ways we can better understand what's actually driving property prices in the province, is to collect additional data on purchasers.

Beginning in the summer, individuals who purchase property will need to disclose if they are citizens or permanent residents of Canada, and, if they are not, their citizenship and country of residence.

(Slide 16)

As well, on February 17, 2016, the purchase of a qualifying new home valued at up to \$750,000 will become totally exempt from the Property Transfer Tax.

Again, that's new housing and it represents a saving to the purchaser of that new home of up to \$13,000.

The cost of this measure to the Treasury will be offset by adding a third tier to the property transfer tax rate, increasing the rate from 2% to 3% on the value of property above \$2 million.

We will also help individuals with disabilities with the rising cost of their special needs by providing the Home Renovation Tax Credit to those with disabilities.

This is a tax credit that provides \$1,000 annually to help with the cost of certain permanent home renovations that improve accessibility, mobility or functionality in a home.

While we work to help more British Columbians work towards housing affordability, we must not overlook the many low-income and vulnerable British Columbians.

Budget 2016 includes new taxpayer-supported infrastructure spending of \$355 million by the BC Housing Management Commission over the next five years.

This new program will increase the supply of housing across the province through the construction and renovation of more than 2,000 units of affordable housing for people with low to moderate incomes.

We have worked to identify a number of projects through the Provincial Investment in Affordable Housing Initiative that can proceed quickly, so more vulnerable British Columbians will have a roof over their heads as quickly as possible.

### **B.C. TRAINING AND EDUCATION SAVINGS PROGRAM**

Back in 2013, we announced the BC Training and Education Savings Program, which provides a one-time \$1,200 grant to the Registered Education Savings Plans of eligible BC children born on January 1, 2007, or later.

Thousands of families have already taken advantage by establishing an RESP and registering for this program that helps parents plan and save early for their child's education after high school so they can get the training they need to succeed.

This year we will be spending \$39 million to extend the program to eligible children born on or after January 1, 2006, so that an additional 40,000 plus children are better positioned to make their dreams a reality.

(Slide 17)

### **B.C. PROSPERITY FUND**

Budget 2016 will establish a B.C. Prosperity Fund, with an inaugural commitment of \$100 million from the forecast 2015/16 surplus.

The Prosperity Fund will be long-term legacy intended to

- help eliminate the Province's debt over time;
- make investments in health care, education, transportation, family supports and other priorities that provide future benefits to British Columbia; and
- preserve a share of today's prosperity for future generations.



As we continue to ensure a balanced budget provides surpluses, so too will we ensure a portion of those surpluses will be set aside to benefit future generations.

The first priority will continue to be reducing our borrowing requirements and retiring taxpayer supported debt – a minimum of 50% of each year's allocation to the fund will be devoted to reducing the burden of taxpayer-supported debt on future generations.

We will have a modest opportunity to make investments in health care, education, transportation or other priorities that provide long-term benefits to British Columbia.

And a minimum of 25% will remain in the fund to grow and serve as an endowment for future generations.

While today's initial investment is modest, future government surpluses and anticipated future revenues will help grow the savings over time.

(Slide 18)

## **CONCLUSION**

Balanced budget 2016 is a budget for a province poised to take advantage of our opportunities:

- Four successive balanced budgets.
- The strongest growth forecast among provinces.
- On track to eliminate our direct operating debt.
- Services that support our citizens.
- A plan to enhance and continue diversifying and growing our economy to create good, family-supporting jobs.

British Columbia is in a position of economic strength, and as a government we will continue to build on that success to create an even stronger future for British Columbians.

## Zoeller, Sonja GCPE:EX

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**From:** Zoeller, Sonja GCPE:EX  
**Sent:** Tuesday, February 16, 2016 4:25 PM  
**To:** Edwardson, Jamie GCPE:EX  
**Subject:** Fwd: Global

Sent from my iPhone

Begin forwarded message:

**From:** "Howard, Chelsea GCPE:EX" <[Chelsea.Howard@gov.bc.ca](mailto:Chelsea.Howard@gov.bc.ca)>  
**Date:** February 16, 2016 at 3:42:07 PM PST  
**To:** "McLachlin, Jessica GCPE:EX" <[Jessica.McLachlin@gov.bc.ca](mailto:Jessica.McLachlin@gov.bc.ca)>  
**Cc:** "Zoeller, Sonja GCPE:EX" <[Sonja.Zoeller@gov.bc.ca](mailto:Sonja.Zoeller@gov.bc.ca)>  
**Subject:** FW: Global

Hi Jess,

We're getting a lot of responses around the bus pass/transportation subsidy/\$77 dollar aspect of the budget.

People are confused – is everyone getting taken straight down to zero, and everyone given \$77 in place of former bus pass/transport subsidy? Just for clarity. Some folks think they get to keep their buss pass and are getting an extra \$20 –ish cash in hand/similar for the transportation subsidy folks (ie. they'll continue getting the subsidy plus an adjustment taking them up to \$77).

I know you've got a lot on your plate, but you can see the tweets below.

Cheers,

Chelsea Howard  
778-679-6424

[BC Gov News site](#)  
[@BCGovNews](#)  
[Facebook](#)

---

**From:** McCray, Lindsay GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:28 PM  
**To:** Howard, Chelsea GCPE:EX  
**Cc:** Johnson, Nicholas GCPE:EX  
**Subject:** RE: Global

Copyright

**From:** Howard, Chelsea GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:24 PM  
**To:** McCray, Lindsay GCPE:EX  
**Cc:** Johnson, Nicholas GCPE:EX  
**Subject:** RE: Global

Thanks Lindsay! Just asked Jessica for a QA/KM package if possible. This might have to be reactionary because I haven't seen anything like that from any of the ministries

**Chelsea Howard**  
778-679-6424

[BC Gov News site](#)  
[@BCGovNews](#)  
[Facebook](#)

---

**From:** McCray, Lindsay GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:18 PM  
**To:** Leslie, Sean GCPE:EX; Fillion, Corinna GCPE:EX; Anderson, Maryann GCPE:EX  
**Cc:** Howard, Chelsea GCPE:EX; Johnson, Nicholas GCPE:EX  
**Subject:** RE: Global  
Thanks. Tweeted. Fingers crossed.



BC Government News @BCGovNews

@GlobalBC - Bus pass/transportation subsidies  
are still in place, rate increase provides choice on  
how money is spent.

---

**From:** Leslie, Sean GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:17 PM  
**To:** McCray, Lindsay GCPE:EX; Fillion, Corinna GCPE:EX; Anderson, Maryann GCPE:EX  
**Subject:** RE: Global  
Have emailed Baldrey and left VM to correct, for what it's worth.  
Sean

---

**From:** McCray, Lindsay GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:13 PM  
**To:** Fillion, Corinna GCPE:EX; Anderson, Maryann GCPE:EX  
**Cc:** Leslie, Sean GCPE:EX  
**Subject:** RE: Global  
Perfect, thank you.

---

**From:** Fillion, Corinna GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:12 PM  
**To:** Anderson, Maryann GCPE:EX; McCray, Lindsay GCPE:EX  
**Cc:** Leslie, Sean GCPE:EX  
**Subject:** RE: Global  
And Lindsay, I have already run this by Kelly and my minister  
Thanks

---

**From:** Anderson, Maryann GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:11 PM  
**To:** McCray, Lindsay GCPE:EX  
**Cc:** Leslie, Sean GCPE:EX; Fillion, Corinna GCPE:EX  
**Subject:** FW: Global

Hi Lindsay,  
Global issued a tweet (below)..... Can you please use this for a response:

Copyright



# BALANCED BUDGET 2016

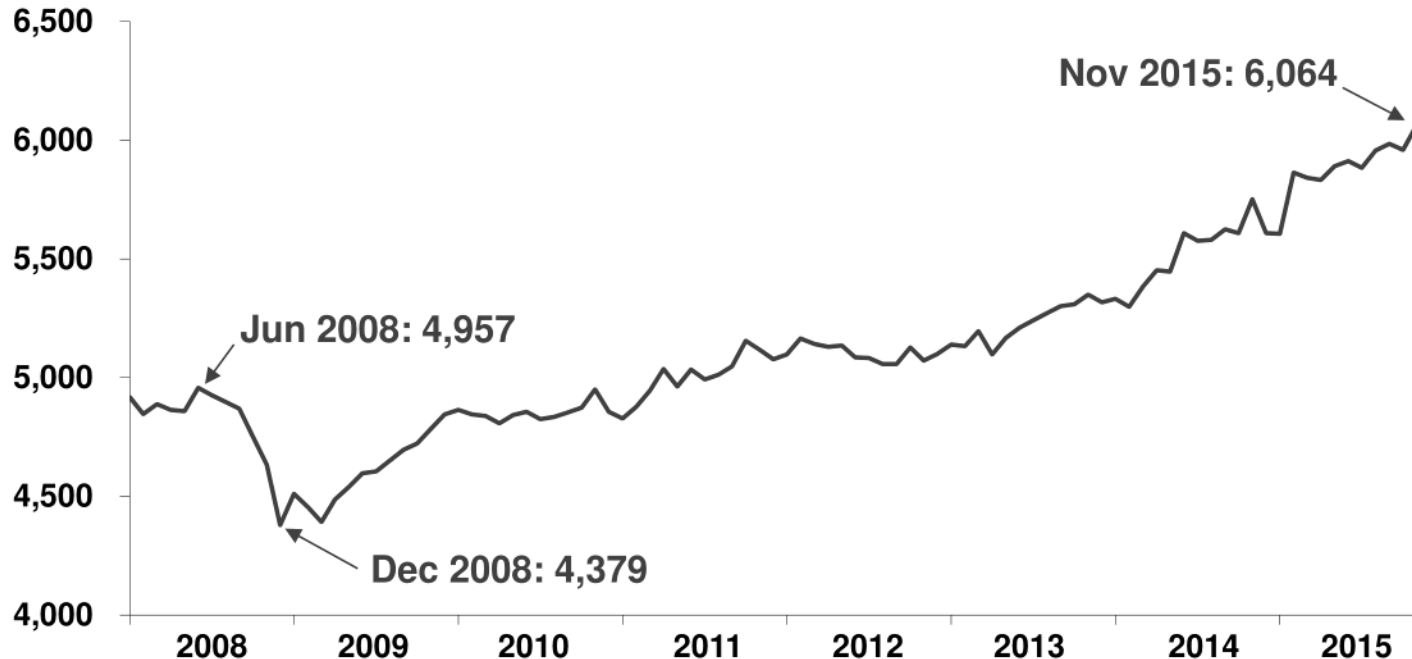


# Priority investments

|                         |                |
|-------------------------|----------------|
| Total spending of       | \$47.5 billion |
| Total revenues of       | \$48.1 billion |
| A forecast allowance of | \$350 million  |
| A budget surplus of     | \$264 million  |

# BC retail sales

**BC retail sales**  
(\$ millions, sa)

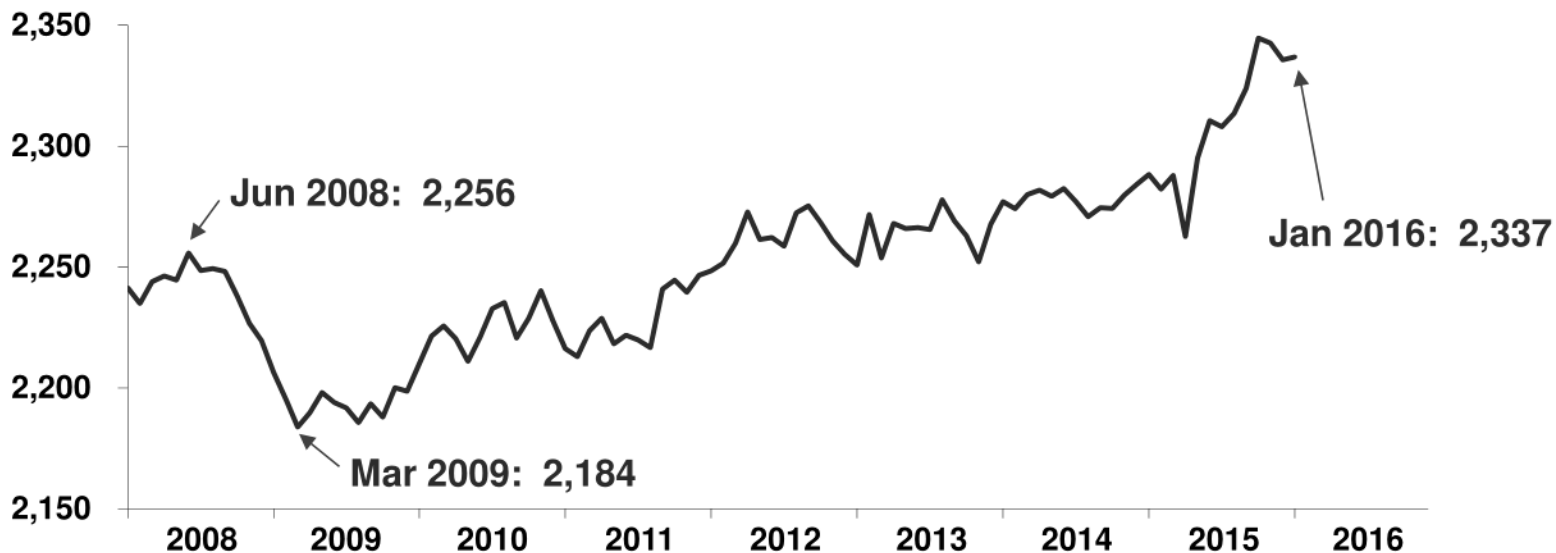


Source: Statistics Canada



# BC employment

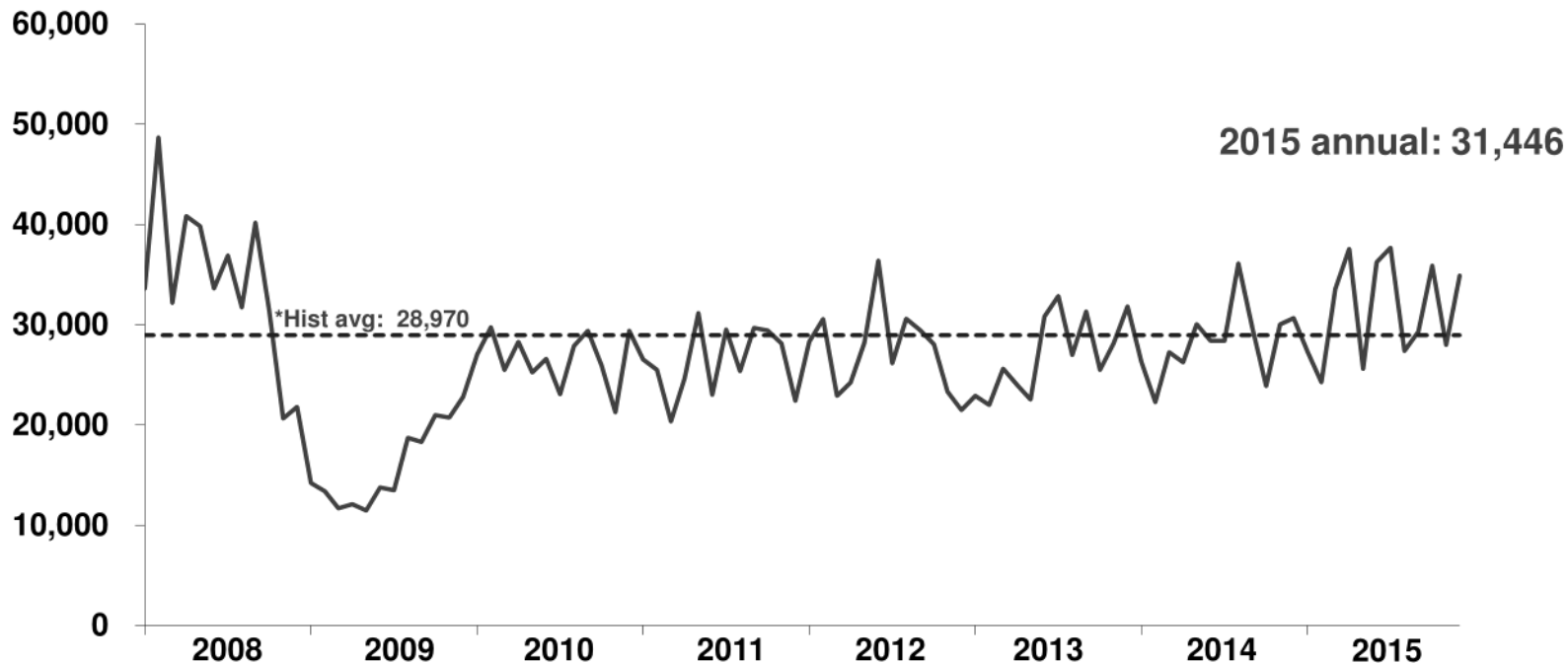
BC employment  
(000s, sa)



Source: Statistics Canada

# BC housing starts

BC housing starts  
(annualized units, sa)

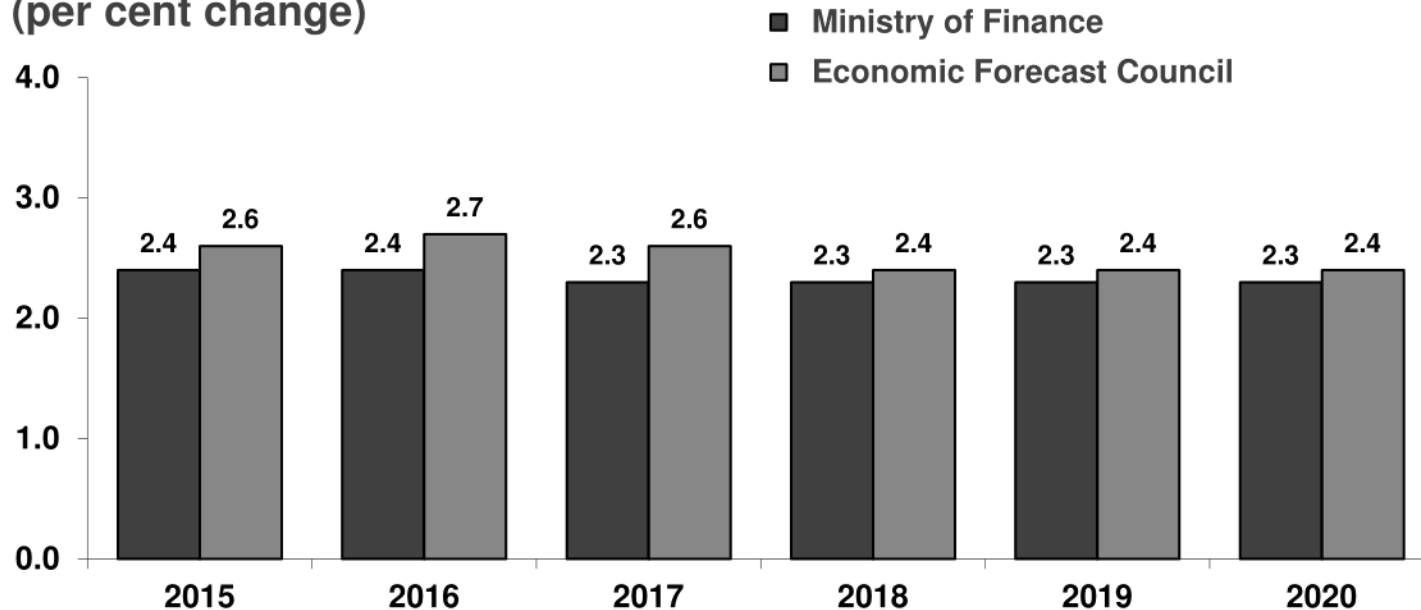


Source: Canada Mortgage and Housing Corporation

\*Historical average from January 1990 to December 2015

# BC's economic outlook

## BC real GDP (per cent change)

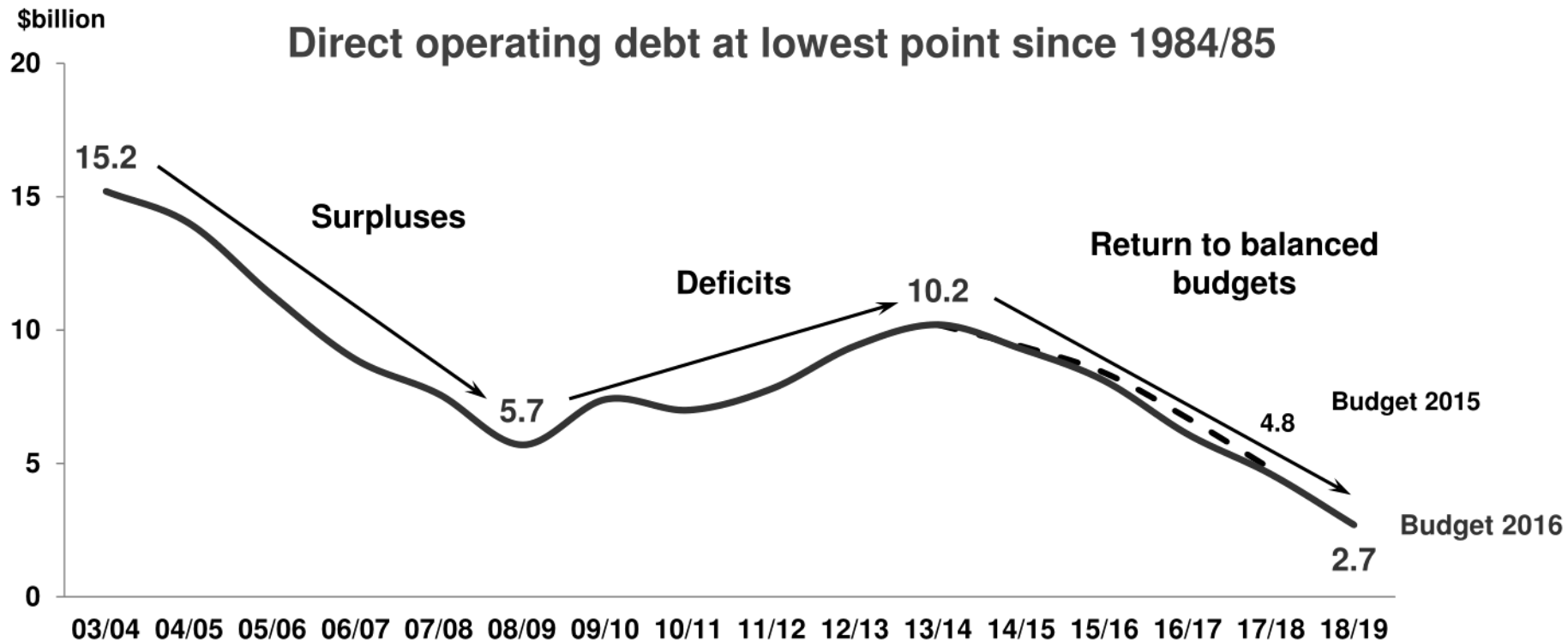


Sources: BC Ministry of Finance, Economic Forecast Council

# 3 year fiscal plan

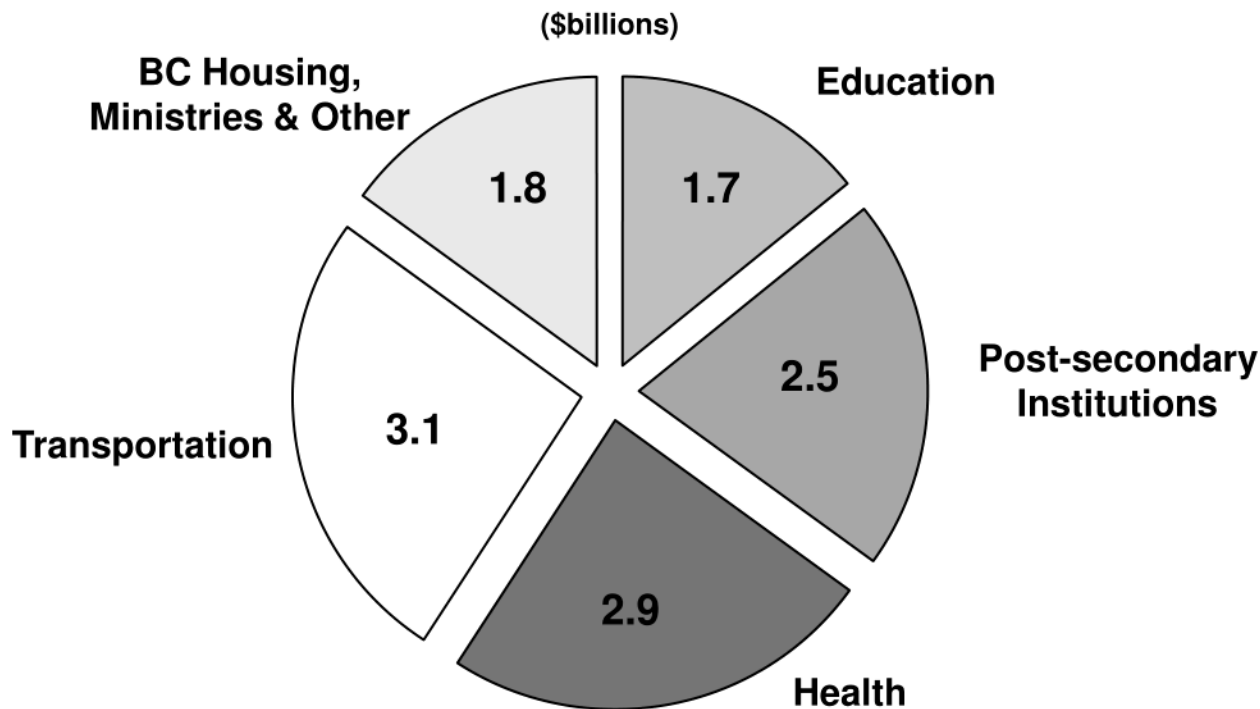
| (\$ millions)                                                             | Updated<br>Forecast<br>2015/16 | Budget<br>Estimate<br>2016/17 | Plan<br>2017/18   | Plan<br>2018/19   |
|---------------------------------------------------------------------------|--------------------------------|-------------------------------|-------------------|-------------------|
| Revenue .....                                                             | 46,992                         | 48,066                        | 49,034            | 50,141            |
| Expense .....                                                             | (46,365)                       | (47,452)                      | (48,397)          | (49,418)          |
| Allocation to BC Prosperity Fund .....                                    | <u>(100)</u>                   | <u>-</u>                      | <u>-</u>          | <u>-</u>          |
| <b>Surplus before BC Prosperity Fund and<br/>forecast allowance .....</b> | <b>527</b>                     | <b>614</b>                    | <b>637</b>        | <b>723</b>        |
| BC Prosperity Fund .....                                                  | 100                            | -                             | -                 | -                 |
| Forecast allowance .....                                                  | <u>(250)</u>                   | <u>(350)</u>                  | <u>(350)</u>      | <u>(350)</u>      |
| <b>Surplus .....</b>                                                      | <b><u>377</u></b>              | <b><u>264</u></b>             | <b><u>287</u></b> | <b><u>373</u></b> |

# Direct operating debt being reduced



# Infrastructure spending allocations

Three-year taxpayer-supported infrastructure spending totals \$12 billion



# B.C.'s competitive advantage

- **Stable investment climate**
- **Strong labour pool**
- **Active First Nations participation**
- **Competitive fiscal regime**
- **Strong regulatory framework**

# Support for families and those in need

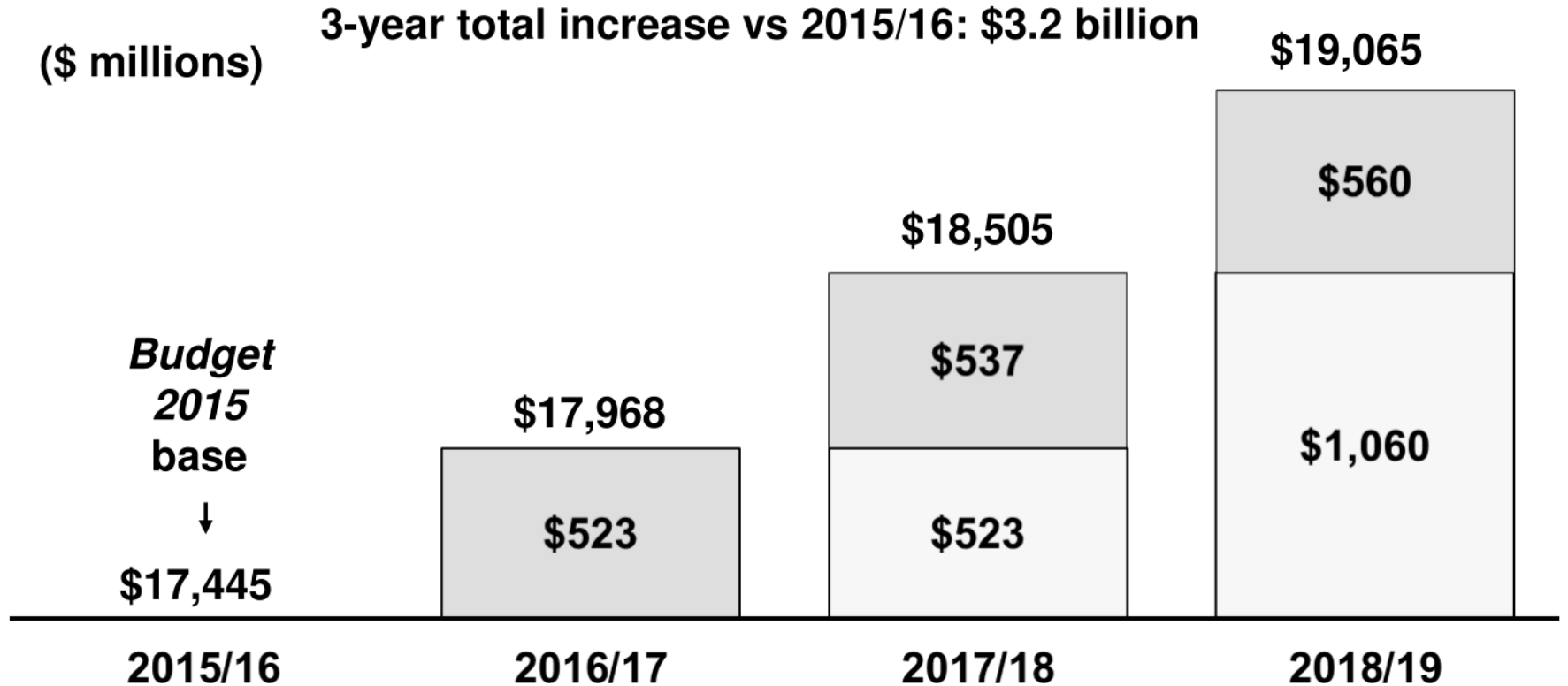
- **\$217 million for vulnerable youth and their families:**
  - \$152 million of children-in-care and related programs;
  - \$11 million to support child care centres;
  - \$51 million for children and youth in care with special needs;
  - \$3 million for facilitating adoption of children in care.
- **\$286 million to support adults in need:**
  - \$250 million for caseload growth in income assistance;
  - \$36 million for Community Living British Columbia.



# Support for persons with disabilities

- **\$170 million to increase income assistance rates for Persons with Disabilities**
  - Up to \$77 per month rate increase for all individuals receiving disability assistance (over 100,000 persons);
  - Rate increase effective September 1, 2016;
  - Increases fairness and equity in transportation assistance.

# Ministry of Health budget



# MSP premiums

- **Effective January 1, 2017:**
  - Children are exempted from MSP premiums.
  - Premium assistance is enhanced.
  - Couples will pay two times the single rate.
  - MSP premiums are increased by 4%.
- **With these changes:**
  - 335,000 individuals will pay reduced premiums, including 70,000 single parent families.
  - An additional 45,000 people will no longer pay MSP premiums.
- **Two million British Columbians (more than 40% of the population) won't pay MSP premiums.**

# MSP examples

## CHANGES HELP FAMILIES, SENIORS AND INDIVIDUALS ON PREMIUM ASSISTANCE

(EFFECTIVE JANUARY 1, 2017)



EXAMPLES BASED ON HOUSEHOLD NET INCOME

# Collecting better data

- Up until 1998, government collected information on the citizenship of those who registered property.
- Practice was discontinued due to compliance costs and lack of data use, but there is now a consensus that the data are required.
- Effective summer 2016:
  - Individual transferees when they register a taxable transaction will be required to identify if they are Canadian citizens or permanent residents of Canada, if they are neither then they must disclose their citizenship.
  - Corporations will be required to disclose their directors' citizenship;
  - Bare trustees will be required to provide information on the settlors and beneficiaries of bare trusts.

# Housing affordability

- **Effective February 17, 2016:**
  - **New housing up to \$750,000 will be exempt from Property Transfer Tax.**
  - **The Property Transfer Tax rate will increase from 2% to 3% on the portion of fair market value over \$2 million.**
  - **Home Owner Grant threshold is increased from \$1.1 million to \$1.2 million for the 2016 tax year.**

# BC Prosperity Fund

- **\$100 million inaugural commitment.**
- **Priority uses:**
  - **Eliminating taxpayer-supported debt over time;**
  - **Investing in health care, education, transportation, family supports and other priorities that provide future benefits;**
  - **Preserve a share of prosperity for future generations.**
- **Minimum 50% for debt; minimum 25% saved for earnings.**

# BALANCED BUDGET 2016



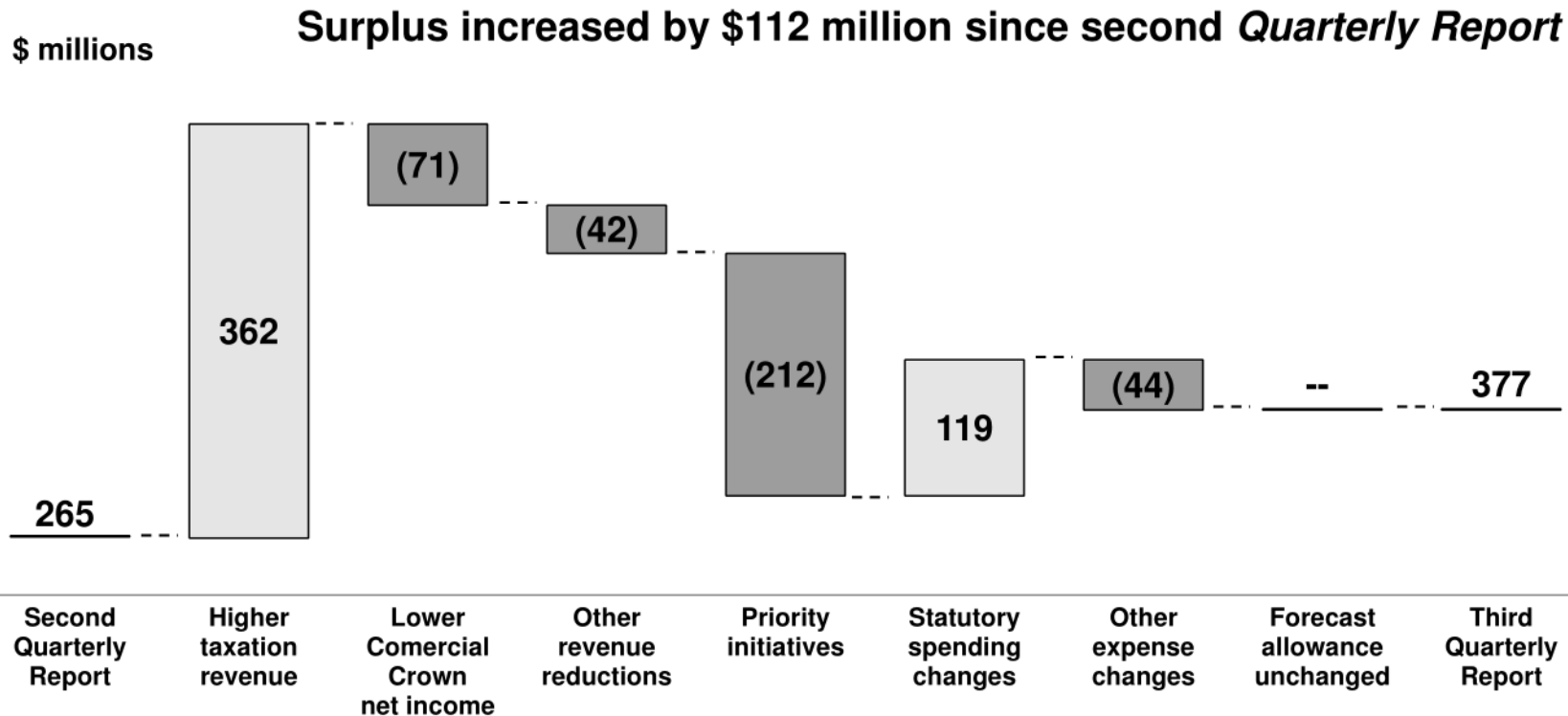
Ministry of  
Finance



# BALANCED BUDGET 2016



# 2015/16 updated forecast

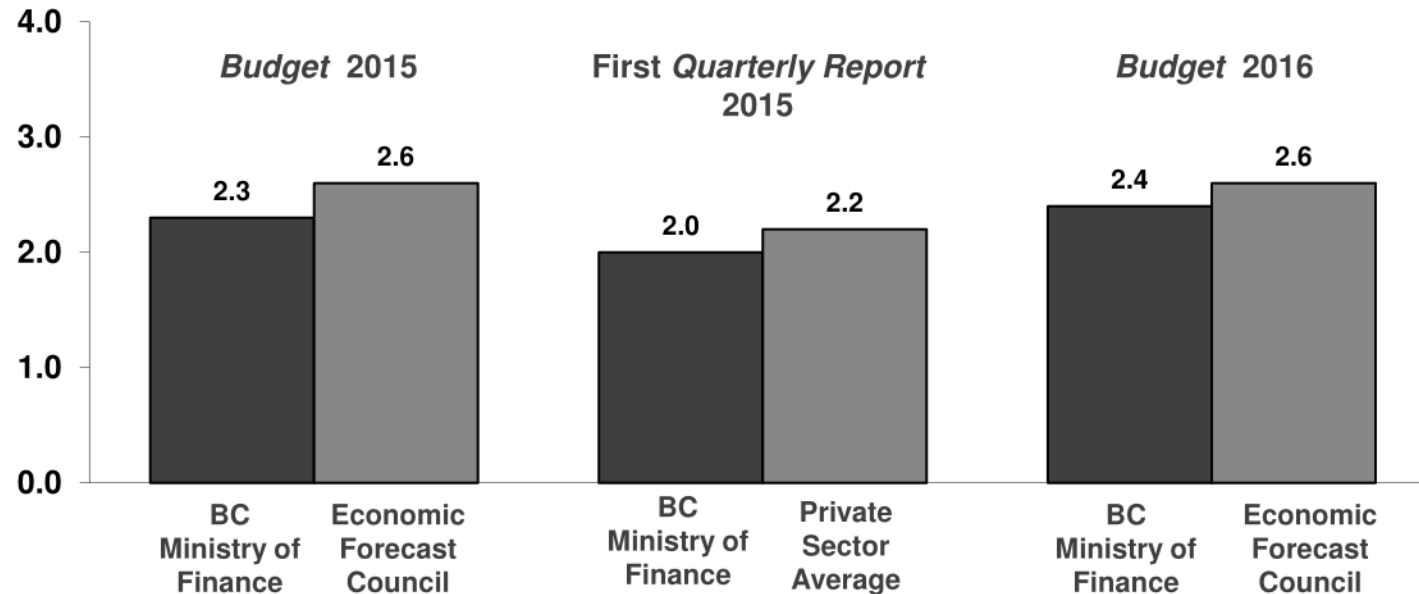


# Priority investments

- **Strategic wildfire prevention and mitigation investments (\$95M).**
- **Flood mitigation and emergency response (\$65M).**
- **BC Training and Education Savings Program expanded eligibility (\$39M).**
- **Innovative Clean Energy Fund (\$13M).**

# Economic forecasts for 2015

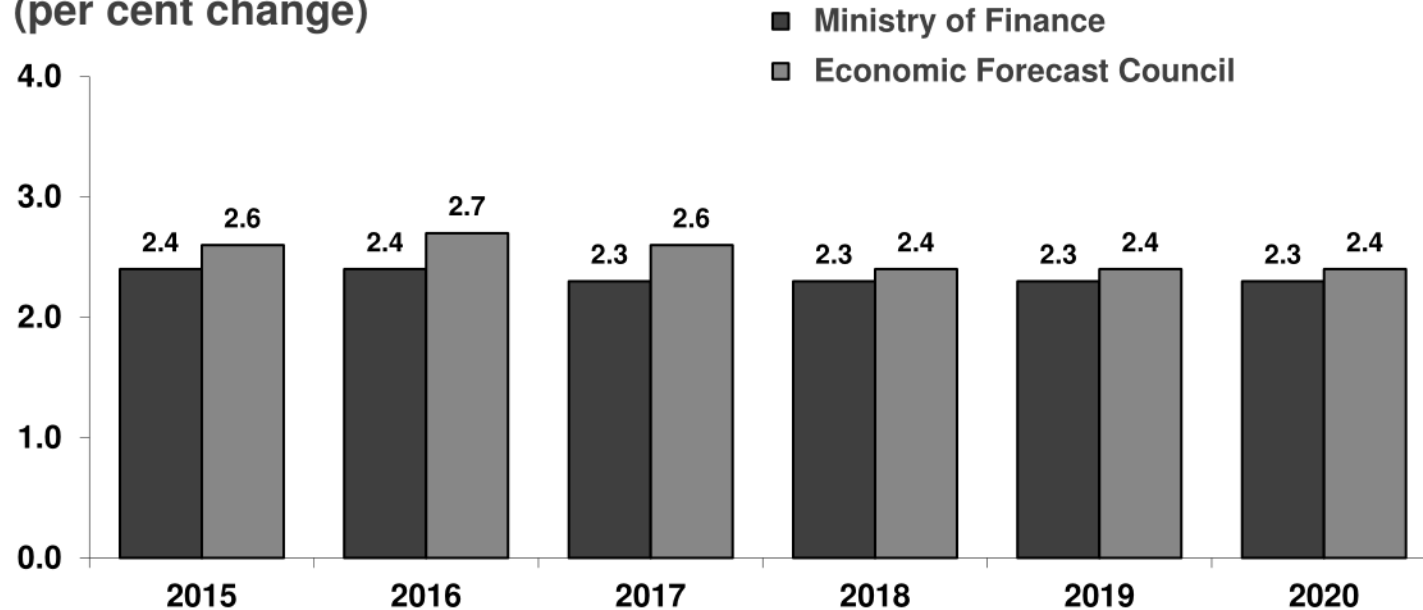
**BC 2015 real GDP  
(per cent change)**



Sources: BC Ministry of Finance, Economic Forecast Council, Private Sector Average (Subset of the Economic Forecast Council)

# BC's economic outlook

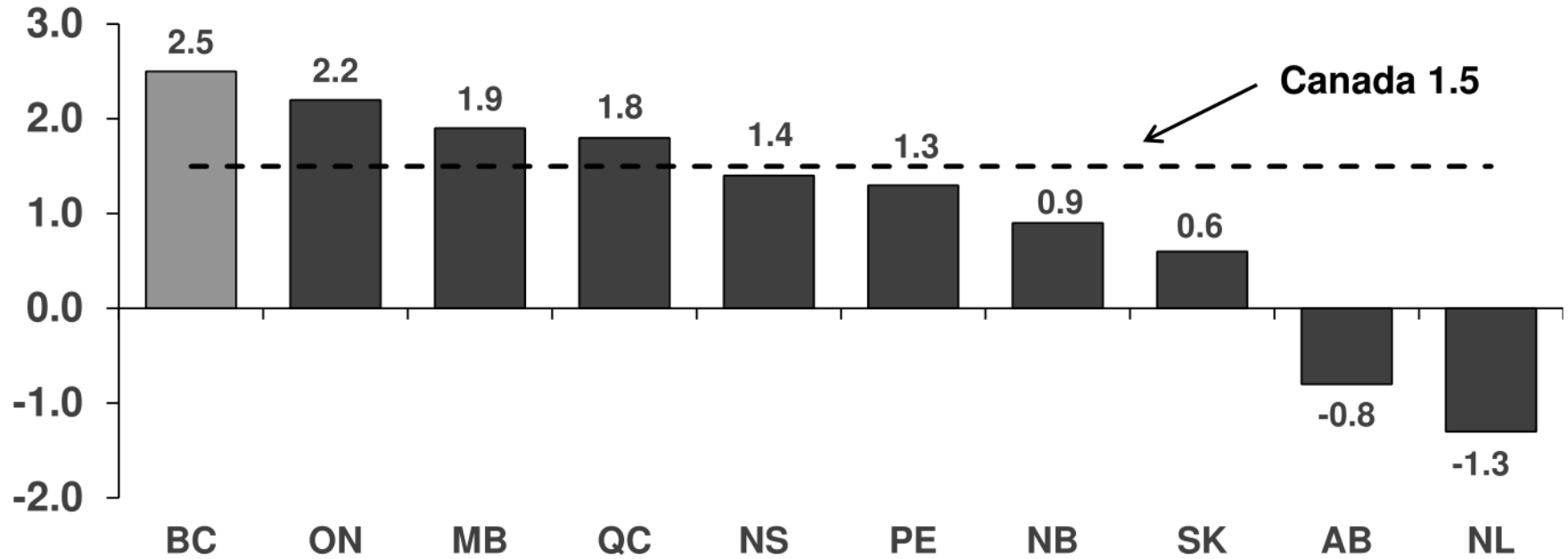
## BC real GDP (per cent change)



Sources: BC Ministry of Finance, Economic Forecast Council

# Private sector economic growth expectations

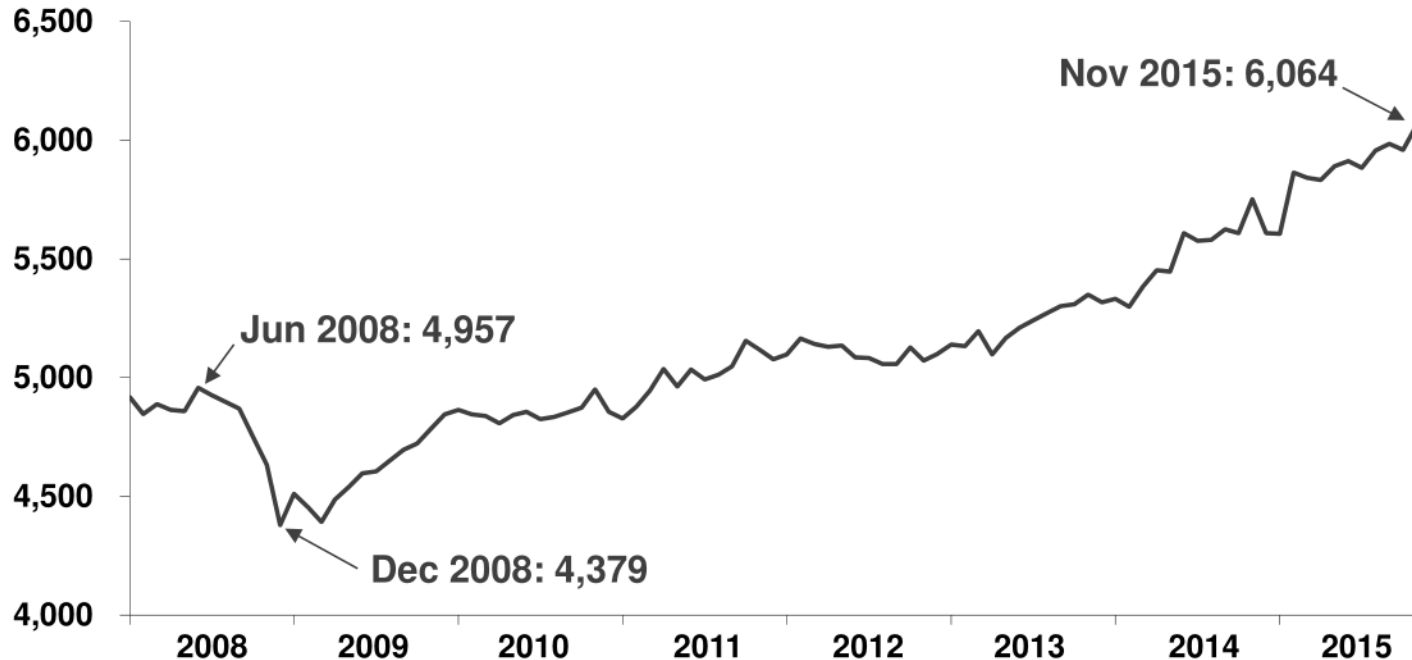
Forecasted annual growth in 2016 real GDP (%)



Source: A subset of the Economic Forecast Council that regularly forecasts economic performance in all provinces (Bank of Montreal, RBC, CIBC, TD, Scotiabank, IHS Global Insight), as of February 5, 2016.

# BC retail sales

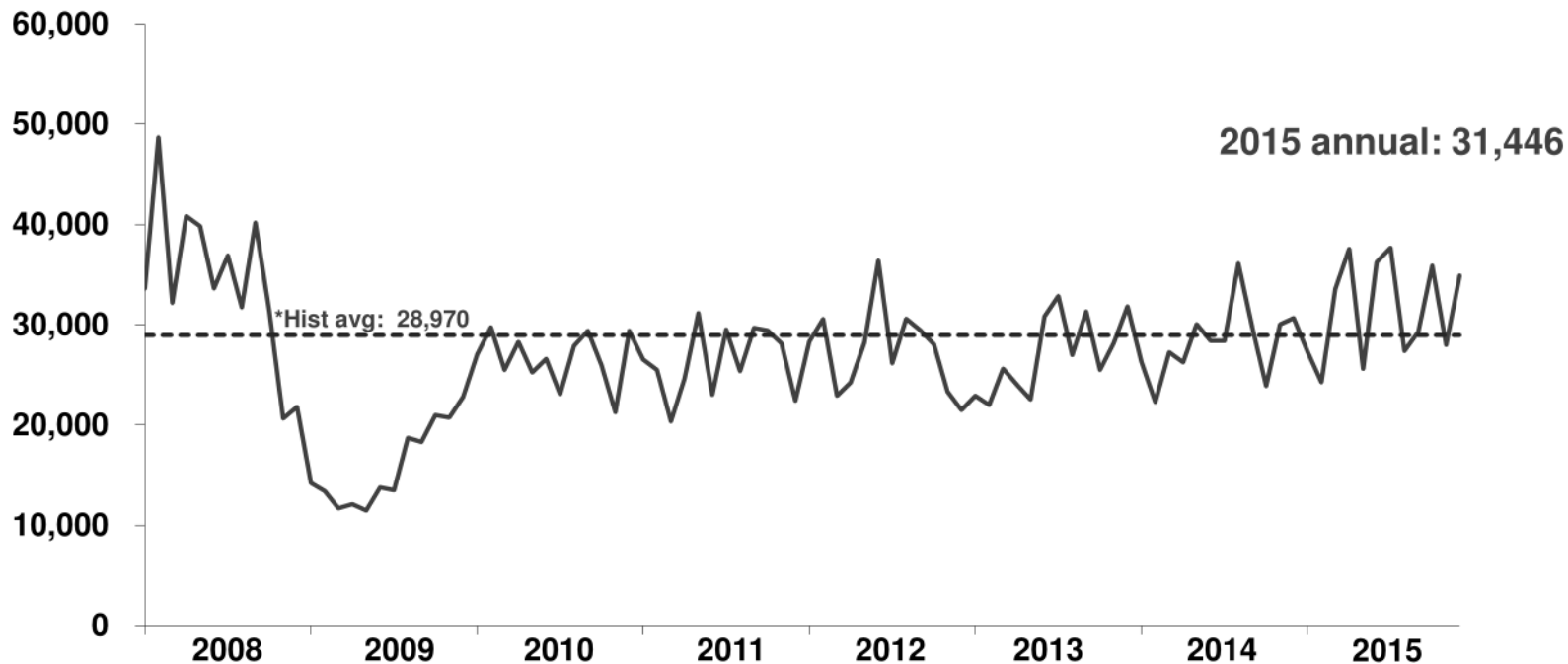
**BC retail sales**  
(\$ millions, sa)



Source: Statistics Canada

# BC housing starts

BC housing starts  
(annualized units, sa)



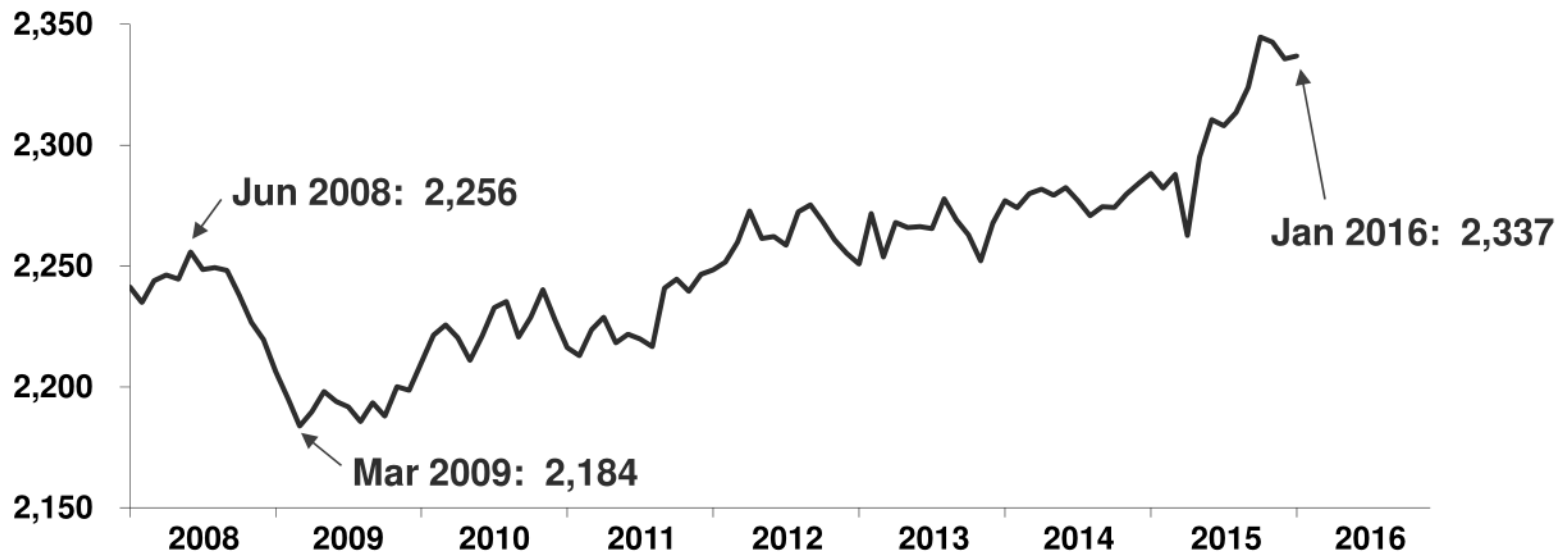
Source: Canada Mortgage and Housing Corporation

\*Historical average from January 1990 to December 2015



# BC employment

BC employment  
(000s, sa)



Source: Statistics Canada

# 3 year fiscal plan

| (\$ millions)                                                             | Updated<br>Forecast<br>2015/16 | Budget<br>Estimate<br>2016/17 | Plan<br>2017/18   | Plan<br>2018/19   |
|---------------------------------------------------------------------------|--------------------------------|-------------------------------|-------------------|-------------------|
| Revenue .....                                                             | 46,992                         | 48,066                        | 49,034            | 50,141            |
| Expense .....                                                             | (46,365)                       | (47,452)                      | (48,397)          | (49,418)          |
| Allocation to BC Prosperity Fund .....                                    | <u>(100)</u>                   | <u>-</u>                      | <u>-</u>          | <u>-</u>          |
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| BC Prosperity Fund .....                                                  | 100                            | -                             | -                 | -                 |
| Forecast allowance .....                                                  | <u>(250)</u>                   | <u>(350)</u>                  | <u>(350)</u>      | <u>(350)</u>      |
| <b>Surplus .....</b>                                                      | <b><u>377</u></b>              | <b><u>264</u></b>             | <b><u>287</u></b> | <b><u>373</u></b> |

# Balanced budgets in 2015/16

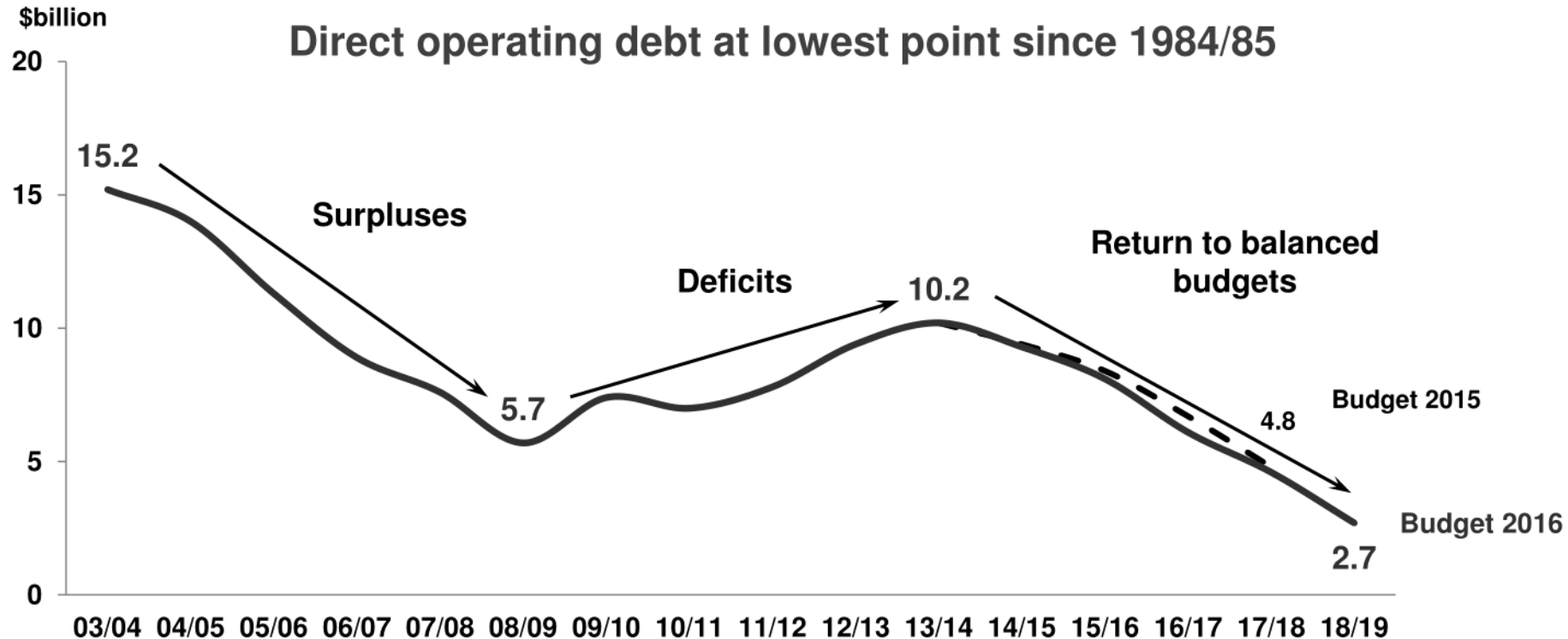
## CROSS CANADA DEFICITS

(AS OF JANUARY 1, 2016)

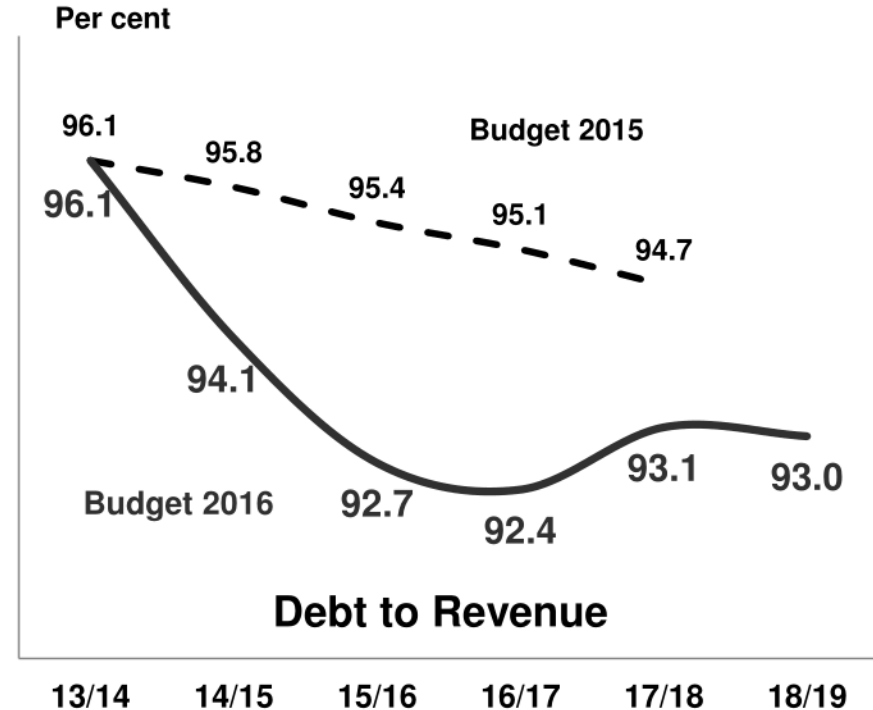
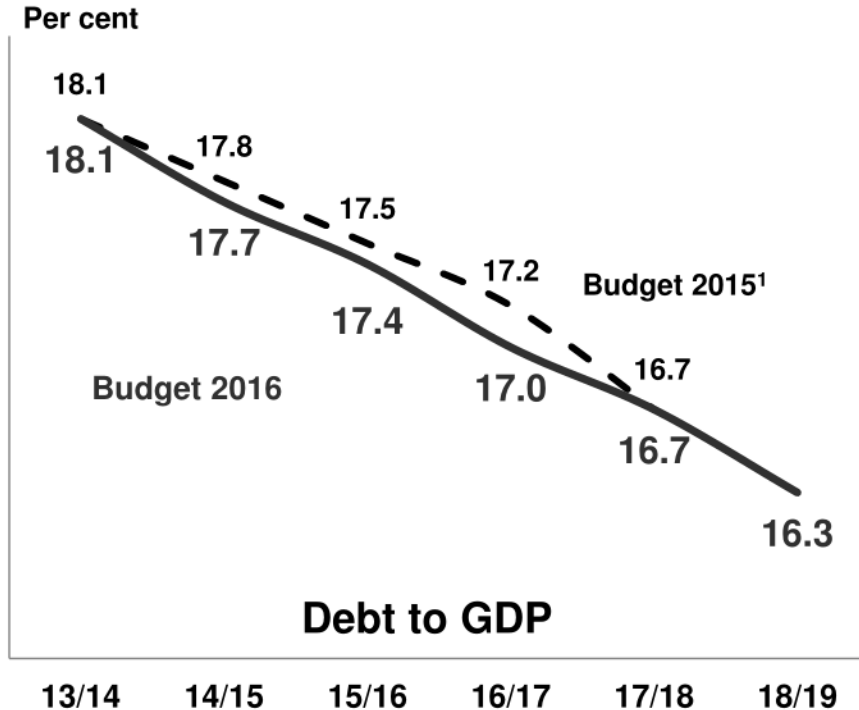
**BALANCED BUDGET** **DEFICIT BUDGET**



# Direct operating debt being reduced

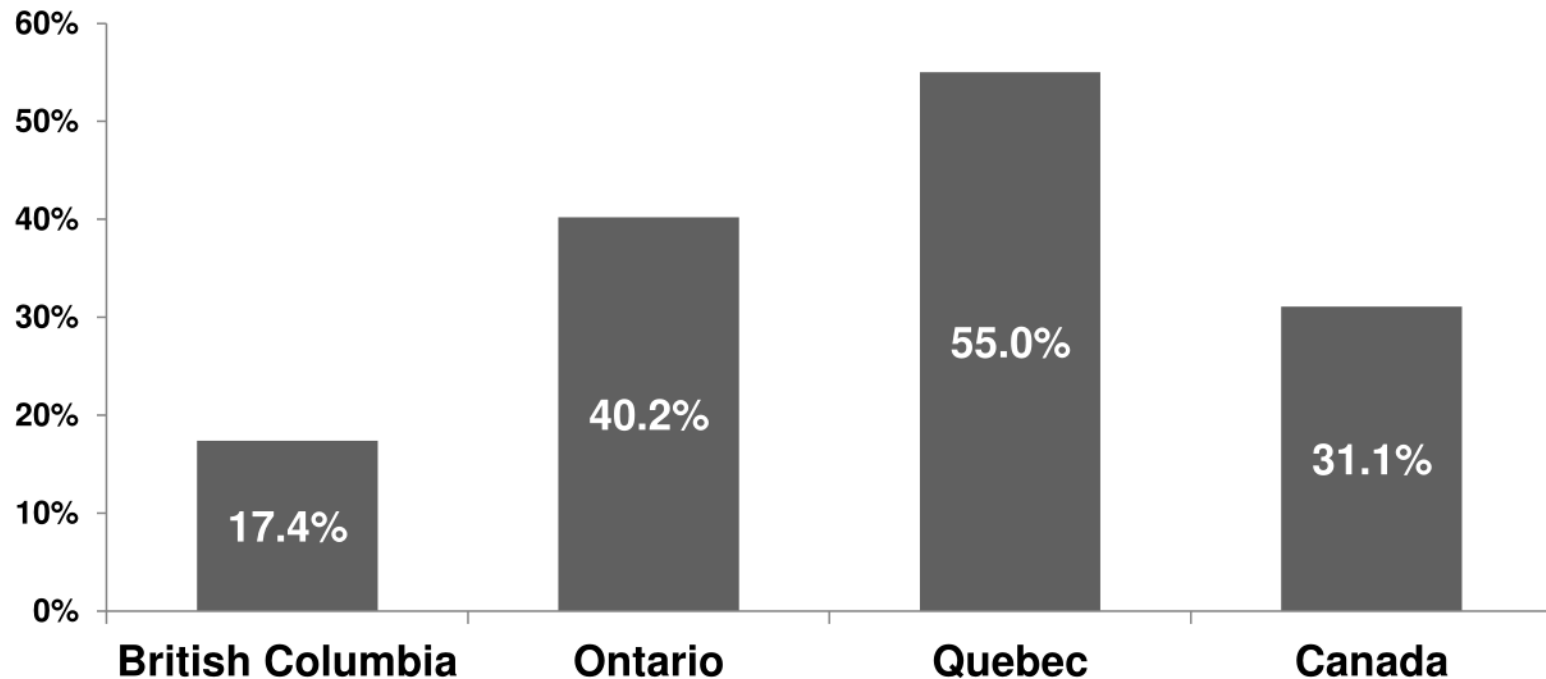


# Declining debt ratios



<sup>1</sup> Restated to reflect the impact from Statistics Canada revisions to historical GDP levels in November 2015.

# Debt to GDP comparisons



Source: 2015/16 forecast from most recent quarterly update for each jurisdiction.

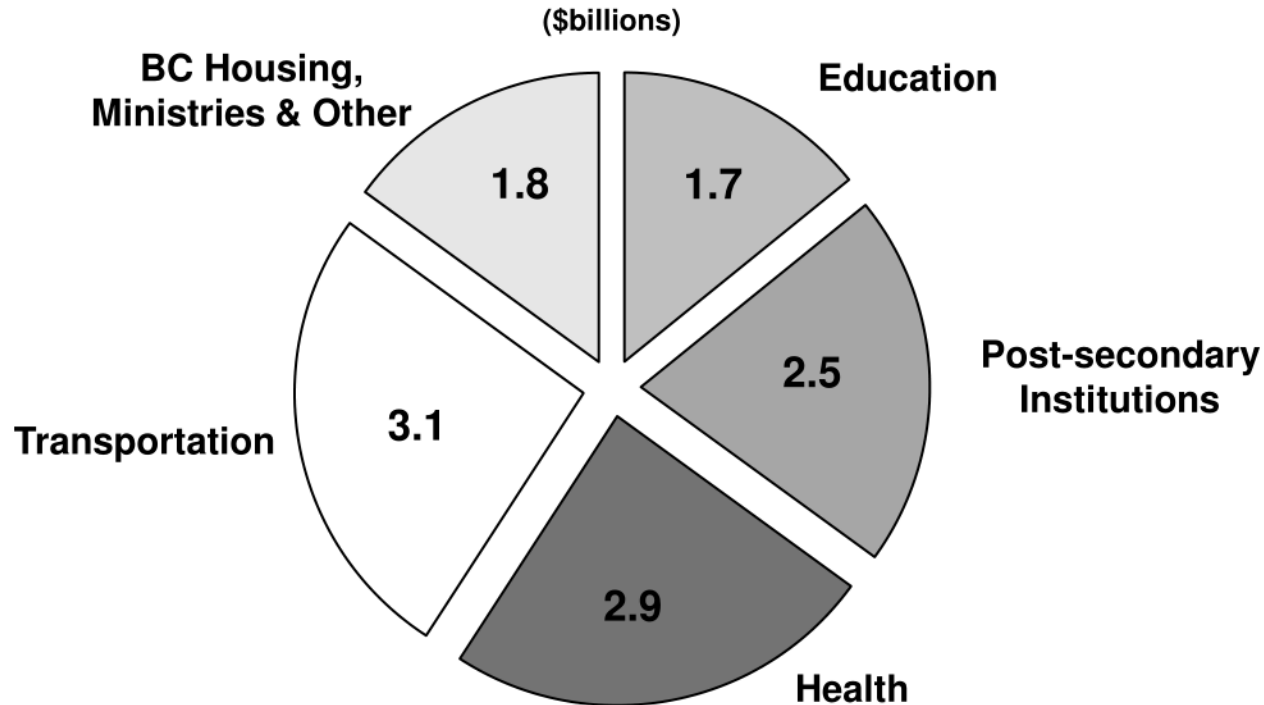
# Credit rating comparisons

| Province                  | AAA | AA+ | AA | AA- | A+  | A |
|---------------------------|-----|-----|----|-----|-----|---|
| British Columbia          | ●   |     |    |     |     |   |
| Alberta                   | → ● |     |    |     |     |   |
| Saskatchewan              | ● ↓ |     |    |     |     |   |
| Manitoba                  |     |     | ●  |     |     |   |
| Ontario                   |     |     |    | → ● |     |   |
| Quebec                    |     |     |    |     | ●   |   |
| New Brunswick             |     |     |    |     | ●   |   |
| Nova Scotia               |     |     |    |     | ●   |   |
| Prince Edward Island      |     |     |    |     |     | ● |
| Newfoundland and Labrador |     |     |    |     | → ● |   |
| Canada                    | ●   |     |    |     |     |   |

Source: Standard and Poor's

# Infrastructure spending allocations

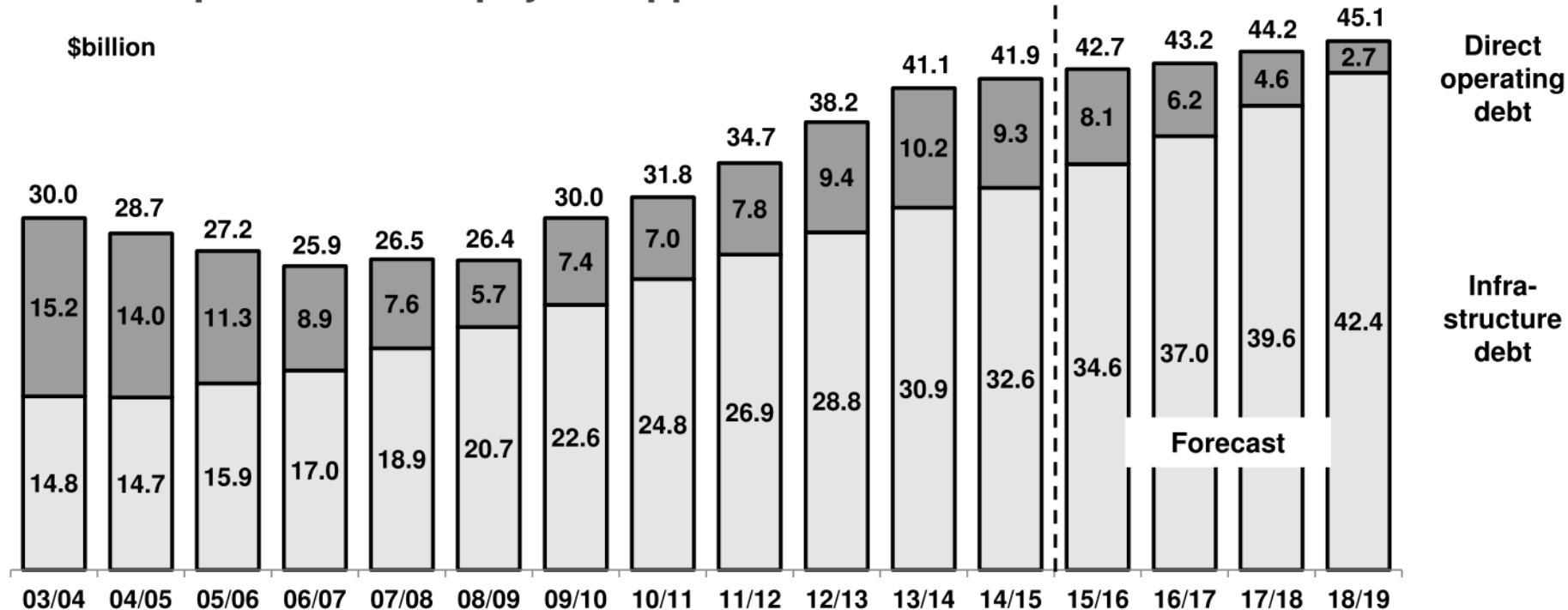
Three-year taxpayer-supported infrastructure spending totals \$12 billion





# Debt is mainly for infrastructure

## Components of taxpayer-supported debt



# Budget 2016 investments and supports

- **Excluding health care, ministry budget increases total \$1.6 billion over the fiscal plan period:**
  - \$418 million for the Economic Stability Dividend and the final year of the Economic Stability Mandate;
  - \$143 million investment in the economy and communities;
  - \$673 million to support families and those in need;
  - \$340 million for community safety and other initiatives.
- **This also includes \$9 million for the Corporate Information and Records Management Office.**

# Investments in the economy and communities

- **\$143 million total investment, including:**
  - **\$75 million in funding to assist communities under 25,000 to reinvigorate and diversify their economies (Rural Dividend);**
  - **\$36 million for highways maintenance;**
  - **\$8 million for youth skills training;**
  - **\$5 million to market BC products in India;**
  - **\$7 million in transit funding;**
  - **\$12 million for other initiatives.**

# Commission on tax competitiveness

- **Commission to consider ways to modernize the existing tax structure, given the changing economy.**
- **Names of Chair and members as well as the terms of reference will be announced after Budget 2016.**
- **Scope of work will explicitly exclude consideration of a harmonized sales tax.**

# Additional investments

- **Music industry support**
- **Aerospace industry development**
- **International Maritime Centre**
- **Rural BC Connectivity Initiative**
- **Buy Local BC program**

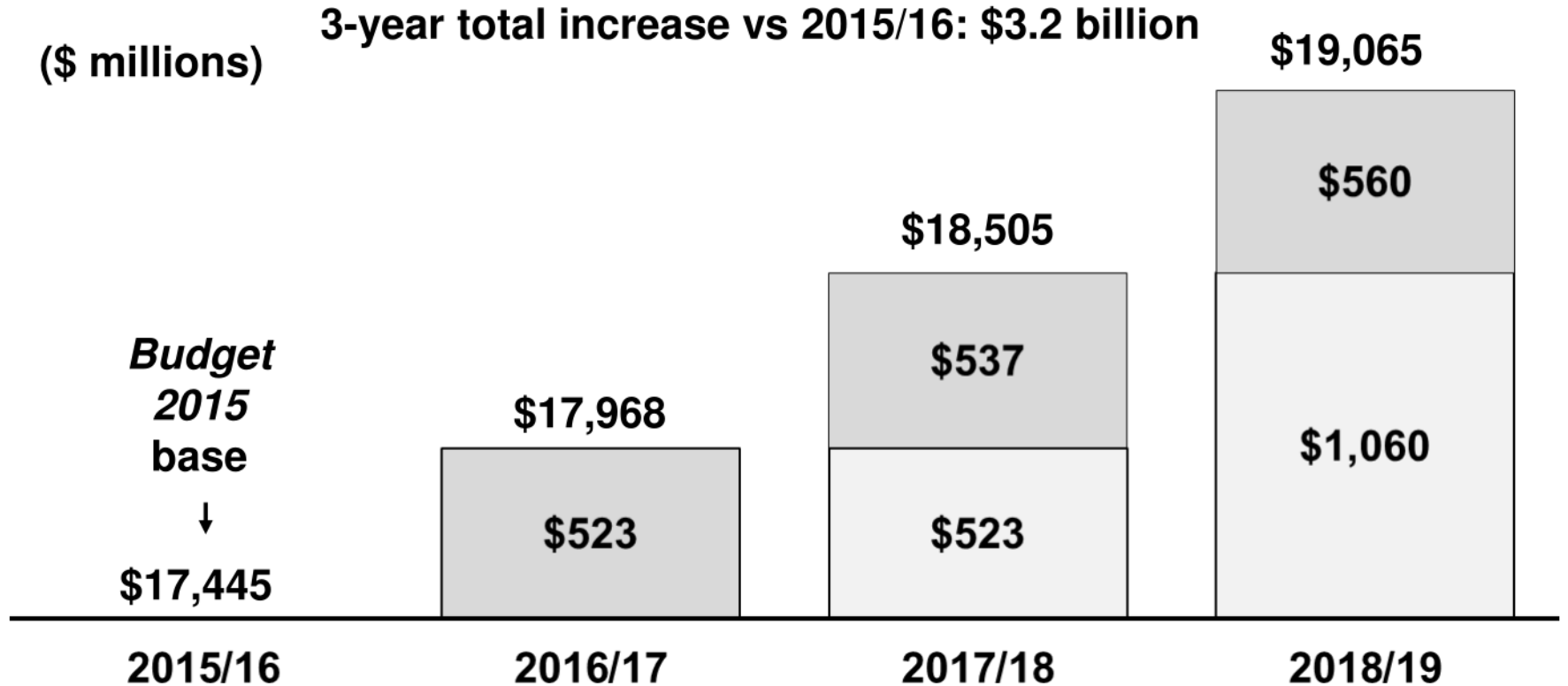
# Support for families and those in need

- **\$217 million for vulnerable youth and their families:**
  - \$152 million of children-in-care and related programs;
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  - \$51 million for children and youth in care with special needs;
  - \$3 million for facilitating adoption of children in care.
- **\$286 million to support adults in need:**
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  - \$36 million for Community Living British Columbia.

# Support for persons with disabilities

- **\$170 million to increase income assistance rates for Persons with Disabilities**
  - Up to \$77 per month rate increase for all individuals receiving disability assistance (over 100,000 persons);
  - Rate increase effective September 1, 2016;
  - Increases fairness and equity in transportation assistance.

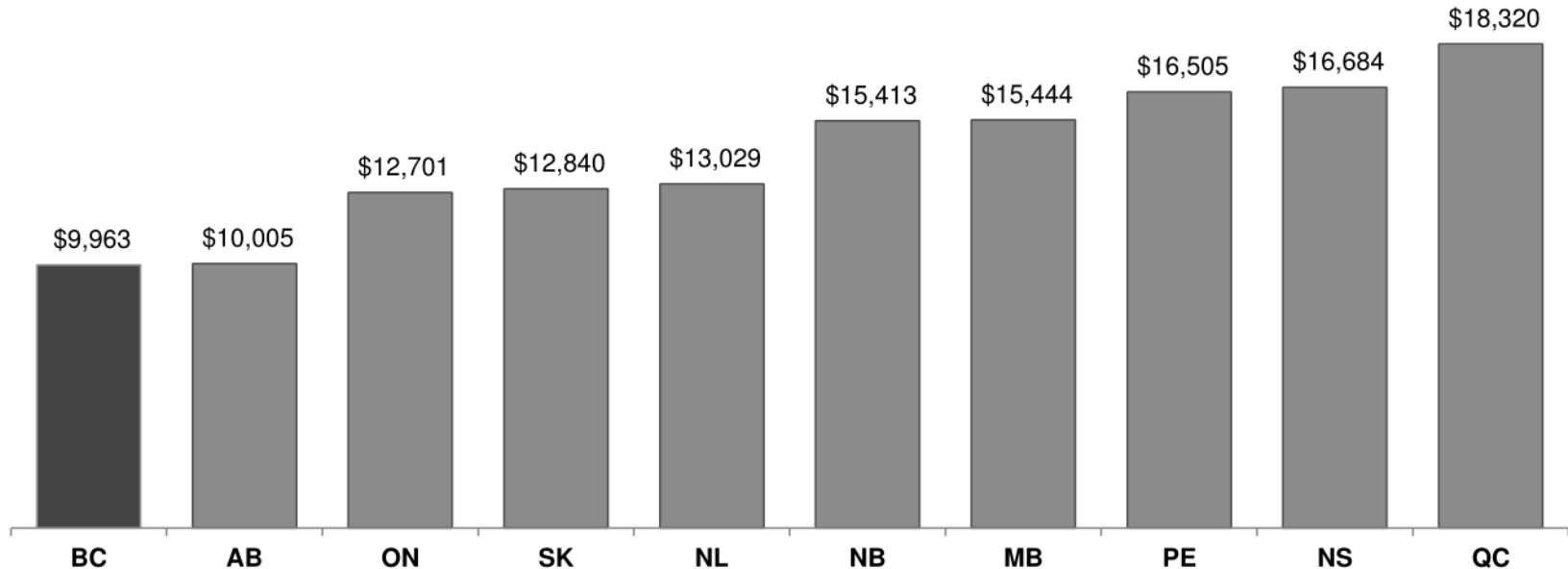
# Ministry of Health budget





# Keeping taxes low for BC families

**Lowest Provincial Personal Income Taxes for Individuals  
Earning up to \$122,000 - 2016 Tax Year**



# MSP premiums

- **Effective January 1, 2017:**
  - Children are exempted from MSP premiums.
  - Premium assistance is enhanced.
  - Couples will pay two times the single rate.
  - MSP premiums are increased by 4%.
- **With these changes:**
  - 335,000 individuals will pay reduced premiums, including 70,000 single parent families.
  - An additional 45,000 people will no longer pay MSP premiums.
- **Two million British Columbians (more than 40% of the population) won't pay MSP premiums.**

# MSP examples

## CHANGES HELP FAMILIES, SENIORS AND INDIVIDUALS ON PREMIUM ASSISTANCE

(EFFECTIVE JANUARY 1, 2017)



EXAMPLES BASED ON HOUSEHOLD NET INCOME

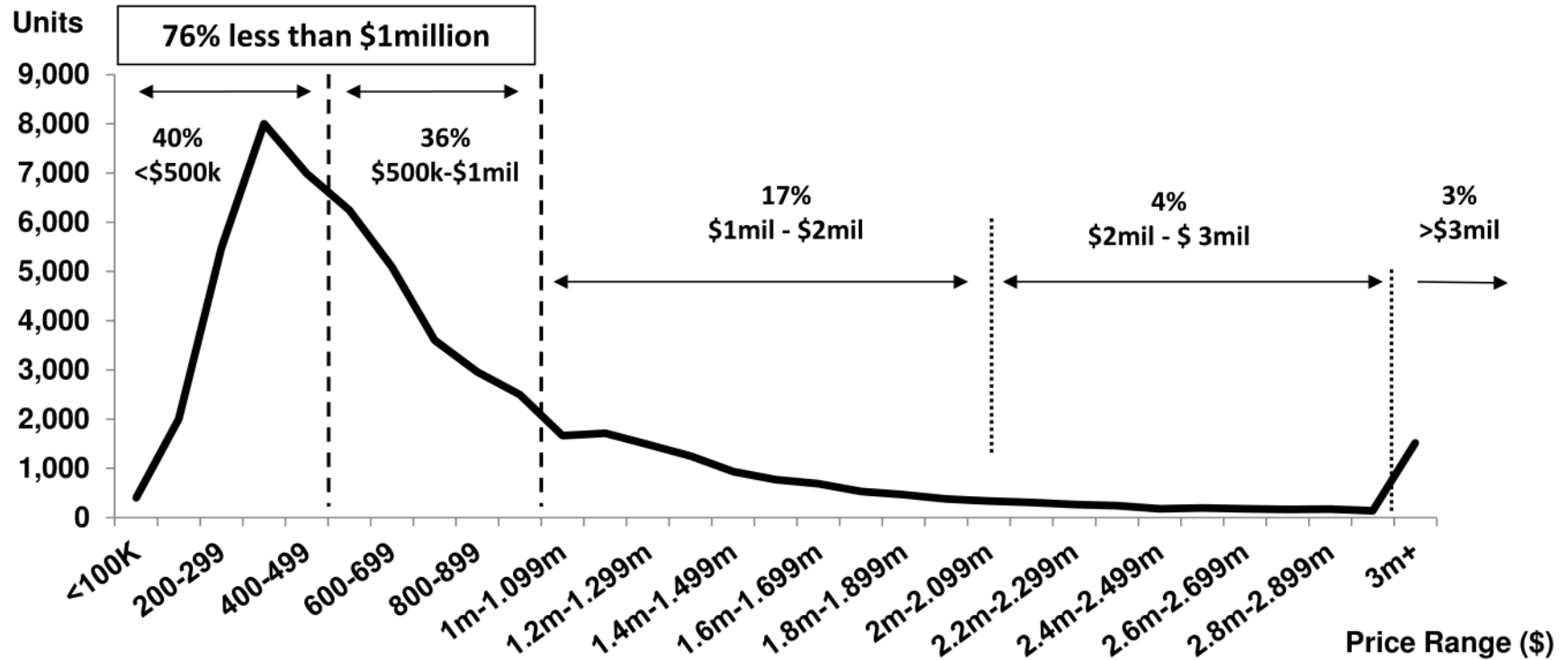
# Collecting better data

- Up until 1998, government collected information on the citizenship of those who registered property.
- Practice was discontinued due to compliance costs and lack of data use, but there is now a consensus that the data are required.
- Effective summer 2016:
  - Individual transferees when they register a taxable transaction will be required to identify if they are Canadian citizens or permanent residents of Canada, if they are neither then they must disclose their citizenship.
  - Corporations will be required to disclose their directors' citizenship;
  - Bare trustees will be required to provide information on the settlors and beneficiaries of bare trusts.
- Work with municipalities to reduce the hidden costs in home purchases, and to make those hidden costs clear and transparent to the homebuyer.

# Housing affordability

- **Effective February 17, 2016:**
  - **New housing up to \$750,000 will be exempt from Property Transfer Tax.**
  - **The Property Transfer Tax rate will increase from 2% to 3% on the portion of fair market value over \$2 million.**
  - **Home Owner Grant threshold is increased from \$1.1 million to \$1.2 million for the 2016 tax year.**

# 2015 Metro Vancouver housing sales



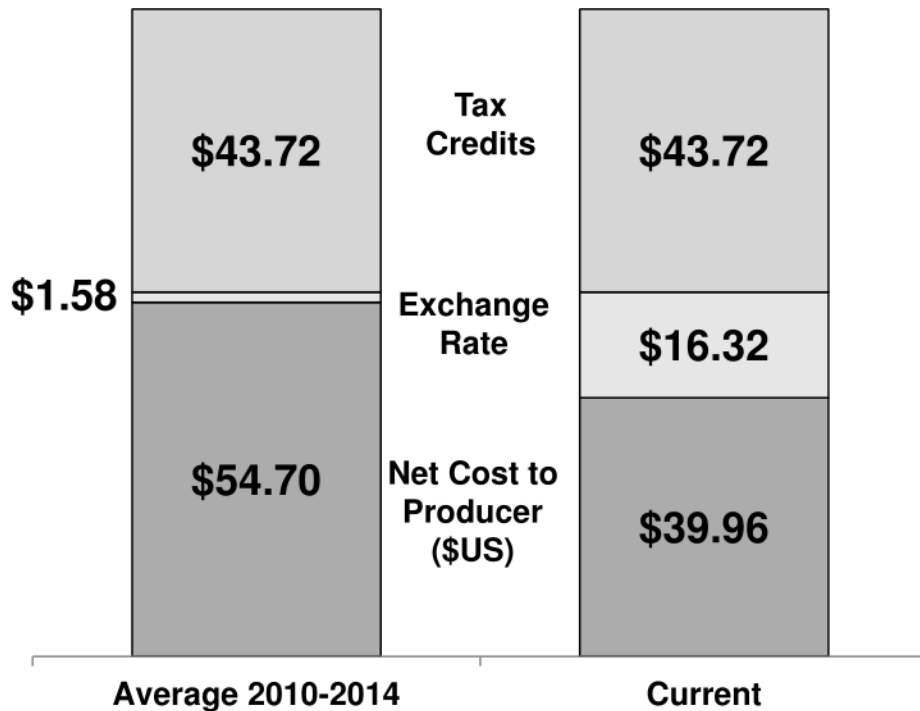
Sources: Real Estate Board of Greater Vancouver; Fraser Valley Real Estate Board; BC Real Estate Association Economics

# Targeted tax measures

- **Other measures:**
  - **Farmers' Food Donation Tax Credit is introduced.**
  - **Seniors' Home Renovation Tax Credit is expanded to include persons with disabilities.**
  - **Mining Flow-Through Share Tax Credit is extended for one year.**
  - **Mining Exploration Tax Credit is extended for three years.**
  - **Small Business Venture Capital Tax Credit budget is increased by \$5 million.**
  - **Enhanced property tax relief for tourist accommodation providers in rural areas.**

# Film tax credits

## Foreign Production Spending \$100 on BC Labour



- Industry is booming due to very low exchange rate, skilled labour force and shared time zone with California.
- Tax credits are forecasted to be almost half a billion dollars in 2015/16.
- Government will move to limit growth in film tax credits.



# BC Prosperity Fund

- **\$100 million inaugural commitment.**
- **Priority uses:**
  - **Eliminating taxpayer-supported debt over time;**
  - **Investing in health care, education, transportation, family supports and other priorities that provide future benefits;**
  - **Preserve a share of prosperity for future generations.**
- **Minimum 50% for debt; minimum 25% saved for earnings.**

# BALANCED BUDGET 2016



Ministry of  
Finance

**Thorkelson, Meaghan GCPE:EX**

---

**From:** Fillion, Corinna GCPE:EX  
**Sent:** Tuesday, February 16, 2016 10:14 AM  
**To:** Richmond, Valerie D SDSI:EX; Anderson, Maryann GCPE:EX; Leslie, Sean GCPE:EX  
**Subject:** From lock up

**From:** Galbraith, David J SDSI:EX  
**Sent:** Tuesday, February 16, 2016 10:13 AM  
**To:** Harrington, Molly SDSI:EX; Fillion, Corinna GCPE:EX; Dawes, Len SDSI:EX  
**Subject:** Re: request

Cmha and inclusion asked for explanation of the rate increase. Also asked what other policy changes were happening in the budget. I said today is about rates/parity in transportation as part of Accessibility 2024 will continue to review policy changes.

**Thorkelson, Meaghan GCPE:EX**

---

**From:** Filion, Corinna GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:33 PM  
**To:** Harrington, Molly SDSI:EX  
**Subject:** TWEET FYI

Copyright

1.

*Corinna Filion*  
Communications Director,  
Ministry of Social Development and Social Innovation  
Government Communications and Public Engagement  
250 387-6489 / cell 250 882-0918

**From:** Fillion, Corinna GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:23 PM  
**To:** Anderson, Maryann GCPE:EX; Leslie, Sean GCPE:EX  
**Subject:** FW: Bill Tieleman column

fyi

**From:** Fillion, Corinna GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:23 PM  
**To:** Richmond, Valerie D SDSI:EX; Blake, Kristen SDSI:EX; Stilwell, Michelle SDSI:EX; Harrington, Molly SDSI:EX  
**Subject:** Bill Tieleman column

## **BC Budget Gives People with Disabilities First Rate Increase Since 2007 - And Takes Back Much of It For Over Half of Recipients**

**After Transit Deductions Removed, Disability Benefit Rate Increases Range From 1.2% to 8.5% - Over 9 years**

**By Bill Tieleman**

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Page 198

Withheld pursuant to/removed as

Copyright

FOI RESPONSE

March 10, 2016

Keith Baldrey <Keith.Baldrey@globalnews.ca>

I didn't send that but de Jong was in my office just now and said it was correct. I guess it's semantics: "free" vs. "Buy" (with extra money.)

Sent from my iPhone

On Feb 16, 2016, at 3:10 PM, "Leslie, Sean GCPE:EX" <Sean.Leslie@gov.bc.ca> wrote:

Tweet below is incorrect:

Global BCVerified account @GlobalBC 31m31 minutes ago

The government is increasing disability assistance by \$77/month for everyone—but taking away free bus passes and transportation subsidies.

Bus passes are not being taken away—low income seniors and people on disability assistance can buy them just like before. For the people on disability assistance, their rate increase in September will be \$25, reflecting the \$52 monthly cost to gov of the bus pass.

Sean Leslie

Senior Public Affairs Officer

Ministry of Social Development and Social Innovation

(250) 356-1670(o)

(250) 893-4403(m)

Might wanna talk to the boss.....

**From:** Justin McElroy

**Sent:** Tuesday, February 16, 2016 4:03 PM

**To:** Ted Field; Global BC News Online; Global BC News Producer/Writers; Keith Baldrey

**Subject:** RE: Tweet!

I just spoke to De Jong about this - the subsidized bus pass is going away.

Everyone will receive an additional \$77/month, but the transportation subsidies in some parts of the province will be going away.

I specifically asked De Jong "does this mean the \$45 bus program is going away?" and he said yes.

<http://www.eia.gov.bc.ca/programs/bus-pass.html>

So it's a matter of semantics in my mind.

Here's what he said in the budget.

"In addition to being challenged by rates that haven't changed in a number of years, depending on where you live, you may or may not receive assistance for a basic need like transportation costs. Some get \$52 for a bus pass. Others get a special transportation subsidy. Almost half of those on disability assistance, roughly 47,000 people, get nothing. We think that's unfair, and we think all British Columbians...no matter where they live... deserve to have their need to move about taken into account. That's particularly true for those with disabilities. Disability Assistance is there to promote greater independence for people with disabilities, and transportation is fundamental to independence. Rather than providing a transportation subsidy that only benefits some, effective Sept. 1, irrespective of where they live, those on disability assistance will be receiving an increase— up to \$77 per month and the freedom to make their own choice about how to meet their own unique transportation needs."



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**From:** Ted Field

**Sent:** 16 February 2016 15:58

**To:** Global BC News Online; Global BC News Producer/Writers; Keith Baldrey; Justin McElroy

**Subject:** FW: Tweet!

Hey,

Government says we Tweeted people losing bus passes - not correct.

**From:** Leslie, Sean GCPE:EX [<mailto:Sean.Leslie@gov.bc.ca>]

**Sent:** Tuesday, February 16, 2016 3:58 PM

**To:** Ted Field

**Subject:** Tweet!

Here's the egregious tweet!

Global BCVerified account @GlobalBC The government is increasing disability assistance by \$77/month for everyone—but taking away free bus passes and transportation subsidies.

Not correct—no one is losing their bus pass. The rate increase will give everyone a choice in how they spend their money—on a bus pass, or something else.

That's it-any help appreciated, Tedly.

Sean Leslie

Senior Public Affairs Officer

Ministry of Social Development and Social Innovation

(250) 356-1670(o)

(250) 893-4403(m)

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## KEY MESSAGES

### Budget 2016

February 16, 2016

- I am pleased that Budget 2016 provides additional funding to individuals and families in need.
- This is our government's fourth consecutive balanced budget, made possible through our responsible fiscal management.
- As a result Budget 2016 provides funding to strengthen our social safety net, so all British Columbians have the chance to get ahead in life.
- We know that people with disabilities face extra challenges in their daily lives.
- Through Budget 2016 we will invest an extra \$170 million over the next three years to increase disability assistance rates by up to \$77 per month.
- This increase will help about 100,000 people on disability assistance in B.C.
- The rate change corrects an inequity in the current disability assistance system and it will bring fairness to the Ministry's transportation supports.
- Everyone on disability assistance will receive the increase of up to \$77 per month and they can choose if they want to spend that money on transportation or use it for something else.
- People on disability assistance will still have the option of purchasing a subsidized bus pass if they live in a community service by Translink or BC Transit.
- The increase in disability assistance rates builds on Accessibility 2024, our government's commitment to make B.C. the most progressive jurisdiction in Canada for people with disabilities.

## General Budget Messages

- We are also increasing the budget for Community Living B.C.
  - CLBC will receive an extra \$36 million over the next three years to support services for individuals with developmental disabilities and their families.
  - This will mean increased supports or new services for up to 2,600 people.
  - Budget 2016 builds on the significant changes our government has introduced over the last year that will have a lasting impact for thousands of individuals and families in need.
  - The Ministry budget for 2016/17 is \$2.74 billion, a \$146 million increase over last fiscal year.
- 

fyi

From: Gleeson, Kelly T GCPE:EX

Sent: Tuesday, February 16, 2016 11:34 AM

To: Fillion, Corinna GCPE:EX

Subject: Re: Urgent - budget speech

what he suggested in presentation was that there is an issue of inequity - and rather than provide a transportation subsidy that only benefits some, effective Sept 1st, irrespective of where they live, those on disability assistance will receive an increase -- up to \$77per month, and the freedom to make their own choice about how to meet their own unique transportation needs

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From: Fillion, Corinna GCPE:EX

Sent: Tuesday, February 16, 2016 11:24 AM

To: Gleeson, Kelly T GCPE:EX

Subject: FW: Urgent - budget speech

Sending this to you as well in case Jamie doesn't read in time

Thanks

From: Fillion, Corinna GCPE:EX

Sent: Tuesday, February 16, 2016 11:22 AM

To: Edwardson, Jamie GCPE:EX

Subject: Urgent - budget speech

Importance: High

Hi Jamie, s.13  
s.13

From: Edwardson, Jamie GCPE:EX

Sent: Saturday, January 30, 2016 11:28 AM

To: Filion, Corinna GCPE:EX

Subject: revised

Hi – I think we got everything but would you mind looking to make sure. I rolled the CLBC amount into the SDSI ministry number, but immediately note \$36M is for CLBC so hope that is a fair compromise.

- That is why Budget 2016 provides an extra \$286 million over the next three years to the Ministry of Social Development and Social Innovation for individuals and families in need, addressing caseload pressure for temporary income assistance, disability assistance and related supplementary benefits.
- This funding includes a \$36 million increase over the fiscal plan to Community Living BC to support services for individuals with developmental disabilities and their families, and to address continued caseload growth and demand for services.
- There is a measure of independence in daily life as we perform our daily tasks that many of us take for granted.
- To support the goals established in Accessibility 2024 – this government’s plan to make B.C. the most progressive province in Canada for people with disabilities – Budget 2016 provides \$170 million over three years to increase income assistance rates for Persons with Disabilities.
- This increase in rates will take effect September 1, 2016.
- And in addition to being challenged by rates that haven’t changed in a number of years...and the purchasing power that affords people...there’s a fundamental inequity that has arisen relating to the fact that depending on where you live, you may or may not receive assistance for a basic need like transportation costs.
- Some get \$52 for a bus pass. Others get \$66 for special transportation subsidy. Almost half of those on disability assistance get nothing.
- We think that’s unfair, and we think all British Columbians...no matter where they live...deserve to have their need to move about taken into account.
- That’s particularly true for those with disabilities.
- Disability Assistance is there to promote greater independence for people with disabilities, and transportation is fundamental to independence.

s.13

- That means those on disability assistance will be receiving an increase of up to \$77 per month.
- Though this certainly doesn't eliminate the challenges those living with disabilities face, it does make it easier.
- And it eliminates an inequity.

**From:** Fillion, Corinna GCPE:EX  
**Sent:** Tuesday, February 16, 2016 3:23 PM  
**To:** Richmond, Valerie D SDSI:EX; Blake, Kristen SDSI:EX; Stilwell, Michelle SDSI:EX; Harrington, Molly SDSI:EX  
**Subject:** Bill Tieleman column

**BC Budget Gives People with Disabilities First Rate Increase Since 2007 - And Takes Back Much of It For Over Half of Recipients**

**After Transit Deductions Removed, Disability Benefit Rate Increases Range From 1.2% to 8.5% - Over 9 years**

**By Bill Tieleman**

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**Q&A**  
**PWD Rates and Budget 2016/17**  
**February 12, 2016, 2016**

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**1: Why is the government only increasing assistance rates for Persons with Disabilities?**

We know that people with disabilities face extra challenges in finding employment, and need additional supports. That's why we are providing a modest rate increase for Persons with Disabilities (PWD) of up to \$77 per month on September 1<sup>st</sup>.

**2: How much will the rate increase cost government?**

Budget 2016 includes \$170 million to support the increase in disability assistance rates.

**3: It's been 9 years since government raised income assistance rates. BC leads the country in child poverty, the homeless problem has not been resolved, and people are living in tent cities. When will this government raise income assistance rates as well?**

We know the best social assistance program is a good paying job that provides people with dignity, respect and opportunity.

That's why we focus taxpayer resources on programs that help people get back into the workforce.

We've launched the Single Parent Employment Initiative, which is already helping hundreds of single parents on assistance with the training and supports they need to find employment.

Overall, my Ministry invests \$331 million each year in the Employment Program of BC.

This funding supports the Single Parent Employment Initiative, it funds 84 WorkBC Employment Service Centres around the province that help people get back into the workforce. The province has also increased funding for skills training, adding more seats in programs at post-secondary institutions.

Across the Board, the province invests heavily in social programs to help people get back on their feet and regain their independence.

#### **4: Why has it taken so long to raise rates? Why the nine-year freeze?**

We have always said that we'd like to raise rates when we were in the financial position to do so. And that's where we are today. Our government's strong fiscal discipline has made it possible to provide this modest increase to people with the PWD designation.

Keep in mind that we have brought in other changes over the past few years to help people on assistance financially.

We have fully exempted child support payments, increased earnings exemptions so that people can keep more of the money they earn and introduced the BC Early Childhood Tax Benefit. We have built subsidized housing, expanded rental assistance programs and increased the number of subsidized child care spaces. And we've brought in Canada's most generous asset limits and cash gifts policy for people with the PWD designation.

These supports provide opportunities that can help individuals and families in need get ahead in life.

#### **5: How much more will people receive on disability assistance?**

Everyone will receive an increase of up to \$77 per month, or \$924 per year.

#### **6: How will the new PWD rates compare with other provinces?**

Once the new rates take effect in September, BC will have the 4<sup>th</sup> highest assistance rate for Persons with Disabilities in Canada at \$983 per month.

#### **7: Government says it's increasing disability assistance rates by up to \$77 per month, but people with a bus pass or special transportation subsidy will get smaller increases. How is that fair?**

The change corrects an inequity in the disability assistance system.- Around half the people on disability assistance were receiving money for transportation. The remainder didn't, primarily because they didn't live in communities served by BC Transit or Translink. Now, everyone will receive the same amount.

No one will lose benefits when the change takes place, everyone will see an increase.

**8: Isn't government just playing a shell game by rolling the cost of the bus pass into PWD rates to make it look like an increase?**

All people with the PWD designation will receive up to a \$77 increase starting September 1.

Some people are already receiving transportation funding worth up to \$66 per month. Still, there are more than 40,000 people on disability assistance who do not receive any funding for transportation at all.

Everyone will see an increase. Everyone will be treated equally.

**9: Thousands of people with disabilities benefit from the Special Transportation Subsidy-why is government getting rid of it?**

It's important that everyone on disability assistance receive the same basic funding. The change corrects an inequity – but no one will lose any benefits. The rate increase that comes into effect on September 1 exceeds the Special Transportation Subsidy.

Everyone will receive an increase of up to \$77, and they can decide how to spend it.

**10: Why do some people on disability assistance get a bus pass or transportation subsidy while others do not?**

Right now, these subsidies are only available in communities with a public transportation system. Generally, people who don't benefit from either program live in smaller or isolated communities that do not provide public transit. We don't think this is fair.

So, we're making changes to benefit everyone who receives disability assistance. On September 1<sup>st</sup>, all people who receive disability assistance will receive \$52 per month to support their transportation needs, plus an additional \$25 per month in disability assistance.

**BUS PASS PROGRAM**

**11: Is the government eliminating the BC Bus Pass program and the Special Transportation Subsidy?**

The BC Bus Pass program remains in place. People on disability assistance can still access the program and the cost of a subsidized bus pass will remain unchanged.

Right now, around half the people on disability assistance are receiving a \$52 value per month in the form of a bus pass or a transportation subsidy worth \$66 a month. Under the new rate structure, everyone will receive up to \$77 cash and they can decide how they will spend it. An annual Bus Pass will be available for those who choose that option at a cost of \$52 per month plus the annual \$45 administration fee.

The Special Transportation Subsidy will be phased out, but again, no one will lose their benefits. They will receive transportation costs on their monthly cheque, rather than as a one time payment.

The change brings fairness and equity to the system. Everyone will receive the same amount – up to an additional \$77 per month.

I would also point out that there are no changes to the BC Bus Pass Program for low-income seniors. The ministry will continue to provide a subsidized pass to eligible seniors.

B.C. is the only province to offer a subsidized bus pass to people receiving disability assistance and low-income seniors. It is a program we are proud to offer and will continue to support.

**12: Will PWD's still be able to buy a bus pass for \$45 per year?**

Yes. People on disability assistance will have the option of purchasing a subsidized Bus Pass. There is no change to the annual \$45 administration fee.

Right now, BC Bus Pass holders receive up to \$52 a month of value in the form of a bus pass. Under the new rate structure, they will receive up to \$77 cash and they can decide how they will spend it.

**13: If the cost of a Bus Pass rises next year, will you increase the transportation allowance?**

I can't speak to what next year's budget will bring. If we are in a position to raise rates, we of course do so, as the fiscal situation allows.

**14: Why is the government now charging Bus Pass holders \$52 per month plus the \$45 administration fee?**

The value of a bus pass has always been around \$52 (in some communities the value is more and in some less).

Right now, BC Bus Pass holders receive \$52 a month in the form of a bus pass. Under the new rate structure, they will receive up to \$77 cash and they can decide how they will spend it.

The \$45 administration fee is not new. It is in place now and will remain under the new system.

**15: The current bus pass is good until the end of December. Will people who already have the bus pass receive up to a \$77 increase in September?**

Bus pass holders can return their pass in September and an increase of up to \$77, or they can retain their passes until December and receive a \$25 increase in disability assistance.

### **FURTHER RATE INCREASES**

**16: Why won't government index PWD rates so they increase in a predictable way every year?**

This is the first increase in disability assistance rates since 2007, and is possible because of government's strong fiscal management. It's something we can afford to do right now.

We would like to increase rates even more in the future right now the province is not in a financial position to index rates.

(Need statement in here from budget about – prudence, while BC has steered through the global economy is still unstable, etc.)

**17: Housing prices and rent have been skyrocketing, and some B.C. cities are among the most expensive housing markets in the world. Why won't government increase shelter assistance rates for people with disabilities?**

Our government supports independence and freedom of choice-and we're giving people more flexibility and choice in how they spend their assistance. Many people on assistance use a portion of their support rate for their shelter costs, which is their choice.

We do invest significant resources into affordable housing - \$4.4 billion since 2001. More than 102,500 low-income households in B.C. benefit from a range of provincial

housing services from subsidized units to rental assistance for people in the private market.

The Premier just recently announced another \$355 million to create 2,000 more units.

(NOTE: May want to include budget messaging – if there are any housing related budget initiatives).

## **BUDGET – GENERAL**

### **1: What is the Ministry Budget for 2016/17.**

The Ministry budget for 2016/17 is \$2.74 billion, a \$146 million increase over last year.

### **2: When will government fund the ministry so it can raise income assistance rates?**

Most people on temporary assistance are only there for a short time, and our government remains focused on helping people get back into the workforce.

That's why we offer a range of supports to help people on assistance find a job.

These include a full suite of employment programs at WorkBC, and the Single Parent Employment Initiative.

In total, Budget 2016 provides \$1.82 billion to help 180,000 people meet their needs through income assistance, disability assistance and supplemental supports. This is an increase of \$101 million over last year.

### **2: Is the caseload for temporary assistance expected to increase or decrease this year? What about people with disabilities?**

We expect the temporary assistance caseload to remain stable at about 39,000 in the coming year. The disability assistance caseload rises at about 4% per year due to population growth, and a higher incidence of persons with disabilities.

### **3: The demand for services from Community Living BC continues to grow-is government adequately funding CLBC to meet the demand?**

Our government continues to increase funding to Community Living BC in order to support the thousands of British Columbians who rely on the agency.

Budget 2016 includes an increase of \$36 million over three years to support service delivery. This builds on funding increases that were promised in Budget 2015.

In total, CLBC's funding will increase to \$882 million this year, up from \$837 million last year. The additional funding will support increased or new services for an additional 2,600 individuals with developmental disabilities.

#### **4: Will there be any reduction in services to CLBC clients?**

No. The additional funding will allow CLBC to continue to serve its current caseload of about 18,000 people, and provide increased or new services to about 2,600 people.

We know that CLBC provides invaluable services to people with developmental disabilities and their families. That's why we've consistently increased its budget for the last several years.