

# MRDT

## Highlights:

- Budget 2018 expands the allowable use of municipal and regional district tax (MRDT) – known as the hotel room tax – to include affordable housing initiatives.

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- Opposition MLAs may claim this will not be supported by tourism operators.

## Contrast:

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## Solution:

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## Background:

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- Budget 2018 expands the allowable use of municipal and regional district tax (MRDT) – known as the hotel room tax – to include affordable housing initiatives.

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- Several resort areas have identified the difficulties seasonal employees have finding housing as a serious concern.
- This will help those communities struggling with housing tourism workers more options. This will give local governments across B.C. additional flexibility to fund housing initiatives.
- Currently, 52 communities in B.C. participate in the MRDT program. That will increase to 53 effective May 1, 2018 (Cariboo-Chilcotin Coast Tourism Marketing Association was approved as a new recipient/community in January and their MRDT will take effect May 1, 2018).

# Rural/Urban Infrastructure

## Highlights:

- On Friday, February 16, the B.C. government announced it is moving forward with the construction of a \$1.377-billion bridge to replace the aging Pattullo Bridge.
- The Pattullo Bridge replacement project will be delivered solely by the Province, without funding from Metro Vancouver.

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## Background:

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- The approved budget for the Pattullo Bridge replacement project is \$1.377 billion.

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- The bridge will be a four-lane bridge with road networks improvements in Surrey and New Westminster.
- A reference concept of the bridge and the road network improvements has been developed based on public consultation and endorsed by the mayors and councils of both municipalities.
- The final design of the bridge and approaches will be determined in the coming months as government undertakes further consultation and initiates procurement.
- The bridge is being built to not preclude a six-lane configuration in the future. The superstructure of the bridge such as the towers, piers and abutments will be built to handle the weight of a future six lane bridge.
- The bridge deck will be designed to accommodate four lanes of traffic and pedestrian and cyclist facilities.
- Should the need for six-laning occur, new pedestrian and cyclist facilities would need to be constructed on the outside of the bridge, and the existing facilities would be turned into new vehicle lanes.

- Any future option to add lanes will be considered as a separate project.
- The ministry is working with Surrey, New Westminster and TransLink on a regional road network strategy that will look at conditions that will trigger expansion of the Pattullo Bridge from four lanes to six lanes in the future.

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- The new bridge is anticipated to be open in fall 2023.

# Wildfire Management Budget

## Highlights:

- Media have pointed to the 2018/19 estimates that allocate \$63 million for wildfire management after the \$506 million spent in 2017/18

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# Renter's Rebate

## Highlights:

- Since being sworn in, the new government has taken real action on affordable housing and homelessness.
- The Throne Speech did not include reference to the renter rebate, and Opposition and media have commented on this.

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# EHT – MSP Task Force

## Highlights:

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## Background:

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- In 2000, the MSP premium for a single individual was \$36/month but by 2016 that amount had risen to \$75/month – more than double.
- Under the previous government, MSP revenues were almost as much as corporate income tax revenues.
- Budget update 2017 announced a 50% cut to MSP premiums effective Jan 1, 2018. This will save individuals up to \$450 per year and families up to \$900 per year.
- Budget update 2017 also raised the income threshold below which households are fully exempt from MSP premiums by \$2,000 meaning that a senior couple with income up to \$35,000, or single parents with two children and income up to \$32,000 will pay no premiums.
- Budget 2018 announces that MSP will be fully eliminated on January 1, 2020.
- When fully eliminated, individuals will save up to \$900 per year and families up to \$1,800.
- The MSP premium elimination will be funded through the implementation of an employer health tax.
- To protect small businesses, the tax will not apply to employers with payroll under \$500,000. For employers with payroll between \$500,000 and \$1.5 million, the tax rate will phase in gradually until it reaches 1.95 per cent at \$1.5 million and above in total payroll.
- The MSP Elimination Task Force released an interim report which noted a variety of measures under consideration including:
  - Raising personal income tax
  - Replacing with a payroll tax
  - Replacing the PST with a value-added tax (like the HST)
  - Raising corporate income taxes
- The Task Force indicated they were leaning towards a combination of a personal income tax surcharge, a small payroll tax, and one or more other measure.

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# Budget 2018 Spending and Balance

## Highlights:

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## Quotes:

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## Background:

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- Budget 2018 projects a surplus of \$219 million in 2018/19, \$281 million in 2019/20, and \$284 million in 2020/21
- The budget includes forecast allowances of \$350 million in 2018/19, \$500 million in 2019/20, and \$600 million in 2020/21.
- The fiscal plan includes contingencies of \$550 million in 2018/19, and \$750 million in each of 2019/20 and 2020/21.
- The Budget 2018 outlook for BC's real GDP growth is lower than the outlook provided by the Economic Forecast Council (0.2 percentage points lower in both 2018 and 2019 and 0.1 point lower for 2020 to 2022 period.
- Budget 2018 projects that government will complete the elimination of BC's operating debt in 2018-19, one year ahead of the previous schedule.
- BC is the only province rated triple-A with all three international credit rating agencies: Moody's, Standard and Poor's, and Fitch.
- Employment is up by 3.6% which is the fastest growth in the country.
- The unemployment rate is the lowest in the province in 9 years and the lowest in Canada.
- Exports are up 17.3% year-to-date with growth driven mainly by energy exports.

## Renters rebate

**Issue/highlight:** Why doesn't the budget include the \$400 renters rebate?

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# Renters rebate

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# Housing Commitments

## Highlights:

- Budget 2018 announced a historic investment in housing infrastructure.

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## Validator Quotes:



## Background:

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- Budget 2018 introduced the Government's 30 point plan to address housing affordability, Homes for BC.
- This comprehensive plan included measures to stabilize the market, crack down on tax fraud and loopholes, and building the homes people need.
- Measures include:
  - Building 33,000 affordable units through direct investment.
  - Renovation and retrofits for existing social housing stock.
  - A new HousingHub that will leverage partnerships to build additional units.
  - Introduction of a speculation tax that will apply to vacant homes, homes used for short-term rentals, and homes lived in by satellite families where income supporting the home is being earned in another tax jurisdiction.
  - Expanding the scope of the Foreign Buyers Tax to Nanaimo, Capital Regional District, Central Okanagan Regional District, and Fraser Valley Regional District; also an increase of the rate to 20%.
  - Investment in housing supports for women and children fleeing violence.
  - Requiring developers to report data on pre-sales to ensure capital gains tax is collected.
- The 10 year plan includes approximately \$6 billion in direct investment for building housing stock, and \$1 billion for renovations of existing stock.

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## School tax increase

**Issue/highlight:** The new surtax on homes valued over \$3 million

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## Closing the bare trust loophole

**Issue/highlight:** Why haven't you closed the bare trust loophole in your budget?

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# Closing the bare trust loophole

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# Presales in real estate

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# Closing Tax Loopholes on the ALR

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# Eliminating the HOME Partnership Program

## Highlights:

- The old government brought in the BC HOME Partnership program that offered a loan to first time home buyers to help with their down payment.
- The program was initially funded with \$700 million over 3 years to help 40,000 first time buyers enter the market. However the program applications only reached approximately 2,000 in the first year.
- The program is being wrapped up, and the funding moved into the HousingHub to create partnerships between the province and other organizations to build housing.
- Opposition may ask why this program is being shut down/what supports are available for first time home buyers to help them get into the market?

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## Validators:

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*On the BC HOME Partnership Program:*

“These are people who already have a high enough income, so that they can apply for these [high-ratio] mortgages and get them. That's a very privileged set of people already in terms of people who are in the housing market to be focusing your attention on.” – Nathanael Lauster, Associate Professor, Sociology, UBC, Dec. 19, 2016

*On the Government's housing plan:*

“We have long recognized that if workers cannot afford to live near their employment, then they will move to where they can. Employers know that attracting workers needs a community that is attractive and affordable for families...” – Anita Humberman, CEO, Surrey Board of Trade, Feb. 20, 2018

“It wasn't too long ago that a BC Liberal finance minister dismissed the growing cost of housing as a problem that impacts just a 'few Vancouver neighbourhoods.' The new government clearly understands that action must be taken on both demand and supply in the housing market.” – Paul Faoro, President, CUPE BC, Feb. 20, 2018

## Background:

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- Originally announced in December, 2016, the HOME program offered interest free loans of up to \$37,500 to first time homeowners to match their capital for a down payment on a home up to \$750,000.
- The program was widely panned by experts, as it increased the debt burden on first time buyers. The program allowed buyers to put in only 5% equity into their new home.
- Buyers were also required to qualify for a high-ratio insured mortgage – so buyers were putting less than 20% equity into their homes.
- In the first year, the HOME program funded approximately 1,700 loans for a cost of \$26 million.
- The BC HOME Partnership program will wind down on March 31, 2018. A notice period will be given so people who were planning on applying for the program won't get caught by surprise.
- \$20 million will be reallocated from the HOME program to fund the HousingHub, a forum that will work with prospective housing developers, government, faith groups, and non-profit organizations to build affordable housing.

# Childcare Licensing and Regulation

## Highlights:

- The government's comprehensive plan for childcare has been introduced as part of Budget 2018.
- It includes the largest investment ever in childcare in the province: one billion dollars over three years to provide relief to parents through fee reductions and a child care benefit, create 22,000 new licensed spaces, and train, develop and recruit more Early Childhood Educators.
- On budget day, Opposition MLA Shirley Bond criticised the emphasis on licensed spaces: "We are also concerned about a stereotypical big-government solution, which we believe will suffer from the same issues as all big-government solutions — escalating costs, bureaucratization, overregulation, unionization and wait-lists."

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## Background:

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- Over the next three years, the Province will invest more than \$1 billion in cross-ministry programs and strategies to improve early care and learning in B.C.
- This includes:
  - \$979.6 million for the Ministry of Children and Family Development:
    - \$176.8 million in 2018-19
    - \$347.2 million in 2019-20
    - \$455.6 million in 2020-21
  - More than \$9.7 million for the Ministry of Education
  - Nearly \$7.4 million for the Ministry of Advanced Education, Skills and Training.
  - Nearly \$6.3 million for the Ministry of Health.
- Total: \$1,002,970 over three years
- \$630 million to make child care more affordable for up to 86,000 B.C. families, starting by offering immediate relief to parents with infants and toddlers. This will be expanded to parents with children from 3- to 5-years-old in 2019/20.
- \$237 million to fund more than 22,000 new licensed child-care spaces across the province.
- \$136 million to deliver new supports for training and development of existing Early Childhood Educators, and to recruit more ECEs.
- The provincial investment under Budget 2018 is supplemented by approximately \$153 million in federal funding over three years – beginning in 2017-18 – through a bilateral Early Learning and Child Care (ELCC) Framework Agreement.

- In total, government will invest \$263 million, including the federal funding, in the first year of government's longer-term commitment to a universal child care.

**On immediate affordability:**

- There are several supports to help with the cost of child care for low- and middle-income families in B.C.:
- The Child Care Subsidy currently supports around 20,000 B.C. families and provides full or partial subsidy for families with an income below \$55,000.
- CCS will be replaced with a new affordable child care benefit in September 2018, which will increase the amount that a family can get, and provide support for families with a household income of up to \$111,000.
- Starting from April 2018, parents with infants and toddlers will benefit from a child care fee reduction, available from licensed child-care providers who opt in to this new program. This program will be expanded to support families with children up to the age of five in the second year of the child-care plan.

# Costs pressures on businesses

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## **Costs pressures on businesses**



## Carbon Tax – Revenue Neutrality

### Highlights:

- Budget 2018 confirms the \$5 per year increase to the carbon tax to meet the federally mandated carbon price.
- The opposition has criticized the elimination of 'revenue neutrality'.

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## Background:

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- Budget 2018 restates that the Carbon Tax will increase by \$5 per tonne each year starting April 1, 2018 in order to meet the federally mandated carbon price.
- The budget also confirms that an additional \$40 million per year will be provided to low and moderate income British Columbians through enhancements to the low income climate action tax credit.
- Budget 2018 also announces new clean growth incentive programs for large industrial emitters:

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- Over the coming months, the Minister of the Environment and Climate Change Strategy will consult with businesses, First Nations, experts and the public on the details of the program.
- The government is already investing in a broad range of clean initiatives including the Innovative Clean Energy Fund, as well as jointly with the federal government through the Low Carbon Economy Fund and other green funds.
- Over the coming year, with advice from the Climate Solutions and Clean Growth Advisory Council, the government will develop the next phase of green initiatives to facilitate the pathway to BC's climate targets.

# Budget: rural communities

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## Budget: rural communities

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## Budget 2018 – Resource Sector

### Highlights:

- The opposition has said that the Budget projects lower revenues from the natural resource sector.
- The opposition has also claimed that the carbon tax will hurt natural resource businesses and jobs.

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**Validators:**

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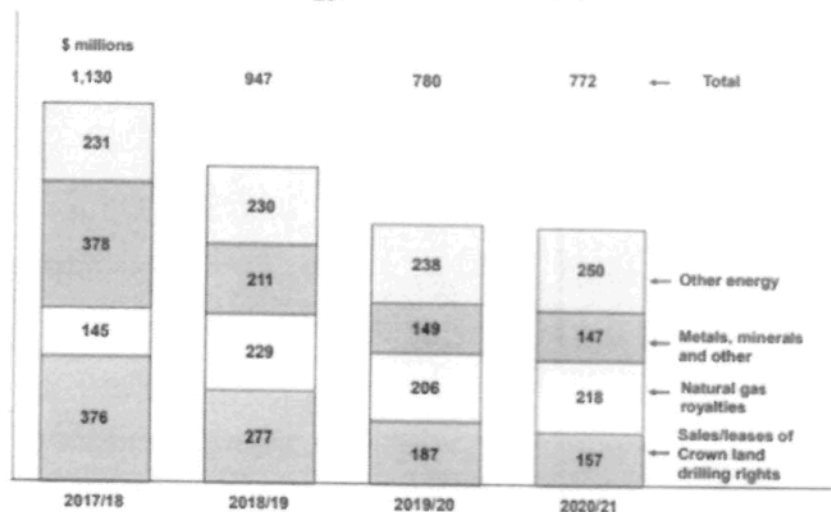
## Background:

- A Fraser Institute report in November suggested that BC was the least attractive Canadian jurisdiction for oil and gas investment but the old government had criticized their previous reports.
- In November, the respected Mining Journal's "World Risk Report" ranked BC as the least risky jurisdiction in the world to invest in a mining project and gave the province a AAA rating.
- The Premier visited the company in Japan that is purchasing a large share of propane shipped from the new Altagas facility at Prince Rupert.

### Natural Resource Revenues (\$'000,000):

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Natural Gas Royalties	144	368	542	151	159	145
Crown Land Tenures	863	859	835	767	623	376
Other Energy and Minerals	472	453	365	316	431	609
Forests	543	674	757	833	859	992
Other Natural Resources	480	481	463	463	490	464
Total	2,502	2,835	2,962	2,530	2,562	2,586

Chart 1.2 Revenue from energy, metals and minerals



## Raising the tax on luxury cars

**Issue/highlight:** Why are you raising the tax on cars?

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# ECE Providers

## Highlights:

- Budget 2018 includes one billion dollars over three years to provide relief to parents through fee reductions and a child care benefit, create 22,000 new licensed spaces, and train, develop and recruit more Early Childhood Educators.
- Wage increases for ECEs have not been specifically mentioned in the plan.
- Child care advocates are calling for better compensation for ECEs in order to attract and retain them.
- Following the budget speech, opposition MLA Shirley Bond said “without an increase in wages, the government has not provided a way to ease the critical shortage of early childhood educators without whom new spaces will be difficult to deliver.”

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## Background:

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- \$237 million to fund more than 22,000 new licensed child-care spaces across the province.
- \$136 million to deliver new supports for training and development of existing Early Childhood Educators, and to recruit more ECEs.
- Addressing ECE wages will be part of a broader approach that examines all of the issues associated with the recruitment and retention of ECEs in child-care settings.

- To support workforce capacity, Budget 2018 allocates \$7.4 million to increase the number of ECE graduates from public post-secondary institutions by approximately 620 over the next three years.
- Through the Early Learning and Child Care agreement with the federal government, \$16.3 million will be allocated to support the ECE Bursary Program and expand training and professional development options for ECEs.

#### **On bursaries:**

- A total of 33 approved B.C. post-secondary educational institutions currently offer early childhood education (ECE) programs.
- All eligible students attending recognized ECE programs are able to apply for the bursary funding.
- The bursary is administered by the Early Childhood Educators of BC (ECEBC)
- A number of recognized programs offer some of their courses online to improve access for students across the province.
- Of those, six schools offer programs with an Indigenous perspective.

# Accomplishments

## Background:

- BC's NDP government was sworn in on July 18, 2017.
- This is a list of accomplishments achieved since that time.

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## Accomplishments – Jobs

### Highlights:

- The Opposition has claimed that this Government's priorities will lead to job losses and will discourage investment in the province.

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## Validators:

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“Amazon was drawn to Vancouver because of the remarkable technical talent and the vibrant and diverse community here... And of course we are hiring so go and check out Amazon jobs. We will keep hiring.”  
– Alexander Gagnon, VP Amazon Canada and Amazon Mexico, Nov. 3

“...Metro Vancouver recognizes the need for strong collaboration between the Province, Metro Vancouver municipalities and the business community to help us compete against other North American urban centres, and we are very pleased to see the Province of B.C. recognizes the potential strength of such a partnership...” – Greg Moore, board chair of Metro Vancouver, Sept. 29

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# Accomplishments – Services

## Background:

- This is a list of services the Government has improved since being sworn in.

## Solution:

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# Opposition - Main

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**Quotes:**

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# Opposition Mismatch

## Main Message:

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## BCSC Fine Enforcement

**Issue:** Uncollected fines and enforcement challenges for the BCSC

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## Airbnb Taxation

**Issue:** It was recently announced that the government would be proceeding with changes to the PST, covering online accommodation platforms. Additionally, an arrangement has been reached for Airbnb to collect and remit these taxes on behalf of their clients.

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# CASA Accomplishments

## Highlights:

- The Confidence and Supply Agreement between the BC Green Caucus and the BC New Democrat Caucus is the basis of the stable government.
- This is a list of accomplishments based on cooperation between parties as part of CASA.

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**Quotes:**

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## Site C Accounting

### Highlights:

- The government decided not to stop construction of Site C because it would have forced British Columbians to pay off \$4 billion with nothing to show for it.
- Opponents of the dam have claimed the government could have written off the \$4 billion over a longer period of time and that it was already financed.

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## Background:

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- On December 12, the government announced that it would proceed with construction of Site C.
- Based on advice of independent consultants EY BC Hydro has revised their estimated budget to \$10.7 billion including an increased risk contingency fund.
- The government also announced measures to contain costs while adding tangible benefits:
  - A new Project Assurance Board to provide enhanced oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance.
  - Establishing new Community Benefits Programs to ensure the project benefits local communities and increasing the number of apprentices and First Nations workers.
  - A new BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity throughout the province.
  - Ensure the Peace River Legacy Fund implements solutions to longer-term environmental, social and economic issues.
  - Activate the \$20 million agricultural compensation fund to offset lost sale and stimulate long-term productivity enhancements in Peace Valley agriculture.
- Ministers Mungall and Fraser met with Treaty 8 First Nations on Nov 14th.
- The West Moberly and Prophet River First Nations have launched a lawsuit alleging infringement of their rights without adequate compensation from the WAC Bennett, Peace Canyon, and Site C Dams.
- On January 31<sup>st</sup>, the West Moberly FN also filed for an injunction to halt construction on the project until their lawsuit is addressed.

## Site C fiscal picture

**Issue:** Costs of canceling or moving forward on Site C

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