



## BRIEFING NOTE FOR INFORMATION

**Date:** March 13, 2019  
**Prepared For:** Parliamentary Secretary Bowinn Ma  
**Title:** Regional Transportation Strategy Engagement  
**Issue:**

s.13

### SUMMARY:

- **TransLink is legislated to prepare a long-term strategy every five years that sets out a 30-year plan for transit and transportation in the region. The long-term strategy is known as the Regional Transportation Strategy (RTS) and will take 15-18 months to complete.**
- **TransLink is required to consult with the Province as part of the RTS development process, which will ensure that provincial priorities are captured in both the RTS and in future TransLink 10 year investment plans.**
- **Ministry staff from across government are participating in the Regional Agency Advisory Group (RAAG) convened by TransLink. RAAG includes staff from all levels of government who will have multiple opportunities to review and provide input on draft RTS content.**

s.13; s.16

### BACKGROUND:

Section 193 of the *South Coast British Columbia Transportation Authority Act (SCBCTAA)* requires TransLink to prepare a long-term strategy every five years that sets out a 30-year plan outlining:

1. TransLink's goals and directions for the regional transportation system;
2. A description of key initiatives and other measures TransLink anticipates will be needed to achieve its goals; and
3. A statement of principles underlying the long-term strategy.

The long-term strategy is known as the Regional Transportation Strategy (RTS). TransLink is required to consult with the Province as part of the RTS development process, which will ensure that provincial priorities are captured in both the RTS and in future TransLink 10 year investment plans.

TransLink was scheduled to adopt a new RTS in 2018; however, the Mayors' Council voted to re-adopt the existing RTS to engage in a detailed RTS process in 2019 and 2020. There will be multiple public consultation periods and Mayors' Council's decisions throughout the process (*see Appendix 1*).

In preparing an RTS, TransLink must consider:

1. Regional land use objectives;



2. Provincial and regional environmental objectives, including air quality and greenhouse gas emission reduction objectives;
3. Anticipated population growth and economic development in the service area; and
4. Provincial transportation and economic objectives.

TransLink is planning to do this in several phases, each with its own separate deliverable:

1. Long Range Scenarios Project (Plausible Futures) – currently being developed
2. Desired Future (Vision, Goals, Targets, Performance Metrics)
3. Strategic Framework (Shared Roadmap)
4. Network Concept (Bike, Road, Transit)
5. 15-Year Implementation Blueprint

TransLink is required to engage in public consultation in the development of the RTS to best meet the needs of residents and the region's communities over the next 30 years. TransLink must also consult with the Mayors' Council, Metro Vancouver, the Province and local governments in or adjacent to TransLink's service area, to ensure their interests are represented.

### ***Regional Growth Strategy (RGS) link to the RTS***

An RGS is a strategic regional planning policy document promoting settlement that is socially, economically and environmentally healthy and that also makes efficient use of public facilities, land and other resources. Metro Vancouver's current RGS was adopted in 2011 after it was accepted by all member municipalities, TransLink, Tsawwassen First Nation and adjacent regional districts. *(See Appendix 2 for regional district boundaries)*

One of the primary goals of Metro Vancouver's RGS is to support sustainable transportation choices by coordinating land use and transportation. The RGS recognizes the critical links between the RGS and TransLink's RTS, as well as the role of the Province to support planning and funding transportation assets.

Adoption and significant amendment of the RGS requires TransLink's approval. Highlighting the importance of coordination with other governments and agencies, Metro Vancouver's RGS affirms the need to:

- Work with TransLink with the objective that the RGS and TransLink's regional transportation plans are compatible and complementary.
- Collaborate with TransLink, the federal government and the Province on major investments in the regional transportation system, expansion of affordable housing options, and the location of public facilities that support the goals and strategies specified in the RGS.
- Partner with neighbouring regional districts to facilitate the compatibility of regional growth planning and initiatives in Metro Vancouver and these neighbouring jurisdictions.

### **DISCUSSION:**

TransLink is required to consult provincial government staff and the Minister before completing an RTS, and there are a number of opportunities to ensure provincial objectives and priorities are recognized in the RTS while respecting TransLink, local governments' and the public's lead role in the planning process. Provincial priorities include:



- Affordable housing along transit corridors;
- Improved access to transportation options;
- Integrating transportation planning with neighbouring communities; and
- Reducing congestion.

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TransLink's legislation requires consultation with the Minister on the RTS.

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While it is a priority for the Province to be an active participant and partner in the development of the RTS, the Province understands that the RTS is a regional responsibility. The Province is not seeking to approve individual projects or impose upon the established framework of the development of the RTS. However, the Province recognizes its strong relationship with the region and the opportunities this new relationship presents for increased participation in the transportation and transit plans and priorities in Metro Vancouver for the next 30 years.

#### **FINANCIAL IMPLICATIONS:**

At this point, the Province has not committed to any financial contribution toward the development of the RTS.



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**Appendices:**

- 1. s.13; s.16
- 2. Regional District Boundaries
- 3. s.13; s.16

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**APPROVED BY:**

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**DATE APPROVED:**

March 12, 2019  
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March 12, 2019



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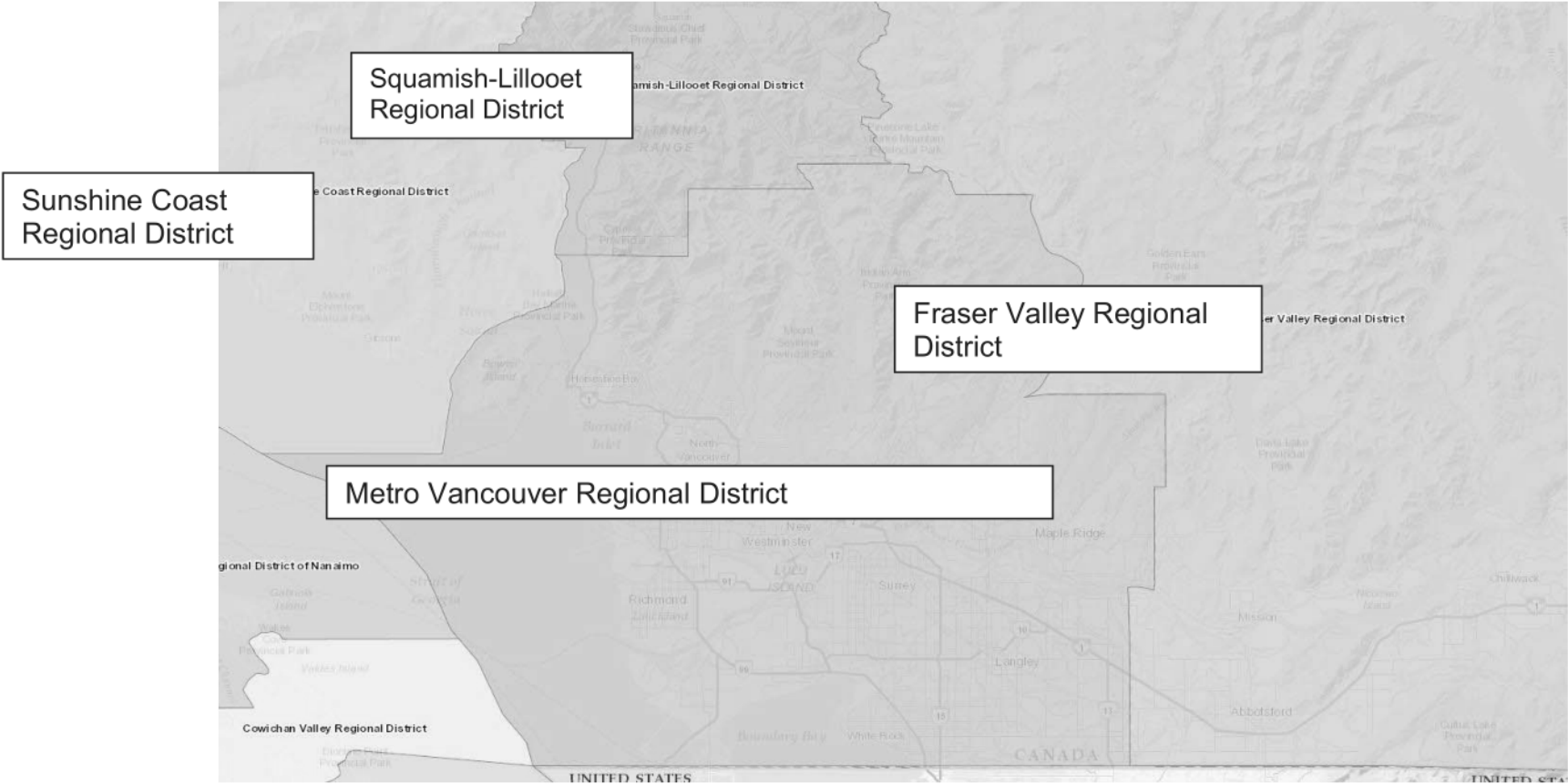
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## **APPENDIX 2: Regional District Boundaries**



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## BRIEFING NOTE FOR DECISION

**Date:** March 6, 2019  
**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing  
**Title:** Regional Transportation Strategy Engagement  
**Issue:**

s.13

### SUMMARY:

- **TransLink is legislated to prepare a long-term strategy every five years that sets out a 30-year plan for transit and transportation in the region. The long-term strategy is known as the Regional Transportation Strategy (RTS) and will take 15-18 months to complete.**
- **TransLink is required to consult with the Province as part of the RTS development process, which will ensure that provincial priorities are captured in both the RTS and in future TransLink 10 year investment plans.**
- **Ministry staff from across government are participating in the Regional Agency Advisory Group (RAAG) convened by TransLink. RAAG includes staff from all levels of government who will have multiple opportunities to review and provide input on draft RTS content.**

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### RECOMMENDED OPTION:

s.13; s.16



## BACKGROUND:

Section 193 of the *South Coast British Columbia Transportation Authority Act (SCBCTAA)* requires TransLink to prepare a long-term strategy every five years that sets out a 30-year plan outlining:

1. TransLink's goals and directions for the regional transportation system;
2. A description of key initiatives and other measures TransLink anticipates will be needed to achieve its goals; and
3. A statement of principles underlying the long-term strategy.

The long-term strategy is known as the Regional Transportation Strategy (RTS). TransLink is required to consult with the Province as part of the RTS development process, which will ensure that provincial priorities are captured in both the RTS and in future TransLink 10 year investment plans.

TransLink was scheduled to adopt a new RTS in 2018; however, the Mayors' Council voted to re-adopt the existing RTS to engage in a detailed RTS process in 2019 and 2020. There will be multiple public consultation periods and Mayors' Council's decisions throughout the process (*see Appendix 1*).

In preparing an RTS, TransLink must consider:

1. Regional land use objectives;
2. Provincial and regional environmental objectives, including air quality and greenhouse gas emission reduction objectives;
3. Anticipated population growth and economic development in the service area; and
4. Provincial transportation and economic objectives.

TransLink is planning to do this in several phases, each with its own separate deliverable:

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4. Network Concept (Bike, Road, Transit)
5. 15-Year Implementation Blueprint

TransLink is also required to engage in public consultation in the development of the RTS to best meet the needs of residents and the region's communities over the next 30 years. TransLink must also consult with the Mayors' Council, Metro Vancouver, the Province and local governments in or adjacent to TransLink's service area, to ensure their interests are represented.

### ***Regional Growth Strategy (RGS) link to the RTS***

An RGS is a strategic regional planning policy document promoting settlement that is socially, economically and environmentally healthy and that also makes efficient use of public facilities, land and other resources. Metro Vancouver's current RGS was adopted in 2011 after it was accepted by all member municipalities, TransLink, Tsawwassen First Nation and adjacent regional districts. (*See Appendix 2 for regional district boundaries*)



One of the primary goals of Metro Vancouver's RGS is to support sustainable transportation choices by coordinating land use and transportation. The RGS recognizes the critical links between the RGS and TransLink's RTS, as well as the role of the Province to support planning and funding transportation assets.

Adoption and significant amendment of the RGS requires TransLink's approval. Highlighting the importance of coordination with other governments and agencies, Metro Vancouver's RGS affirms the need to:

- Work with TransLink with the objective that the RGS and TransLink's regional transportation plans are compatible and complementary.
- Collaborate with TransLink, the federal government and the Province on major investments in the regional transportation system, expansion of affordable housing options, and the location of public facilities that support the goals and strategies specified in the RGS.
- Partner with neighbouring regional districts to facilitate the compatibility of regional growth planning and initiatives in Metro Vancouver and these neighbouring jurisdictions.

#### **DISCUSSION:**

TransLink is required to consult provincial government staff and the Minister before completing an RTS, and there are a number of opportunities to ensure provincial objectives and priorities are recognized in the RTS while respecting TransLink, local governments' and the public's lead role in the planning process. Provincial priorities include:

- Affordable housing along transit corridors;
- Improved access to transportation options;
- Integrating transportation planning with neighbouring communities; and
- Reducing congestion.

In addition, the Province recognizes that there are improvements to be made to the integration of cross-boundary transit service and sees the current update to the RTS as an opportunity to explore options for this type of improvement.

In the past, TransLink has worked with BC Transit to facilitate transit opportunities at the boundaries of TransLink's service area (e.g. Fraser Valley Express Service; and coordination on Sea to Sky transit planning). The West Coast Express, which begins outside TransLink's service area in Mission, is also integrated with TransLink's services.

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While it is a priority for the Province to be an active participant and partner in the development of the RTS, the Province understands that the RTS is a regional responsibility. The Province is not seeking to approve individual projects or impose upon the established framework of the development of the RTS. However, the Province recognizes its strong relationship with the region and the opportunities this new relationship



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presents for increased participation in the transportation and transit plans and priorities in Metro Vancouver for the next 30 years.

**FINANCIAL IMPLICATIONS:**

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Honourable Selina Robinson

March 6, 2019  
Date



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**Appendices:**

s.13; s.16

- 1.
2. Regional District Boundaries
- 3.

s.13; s.16

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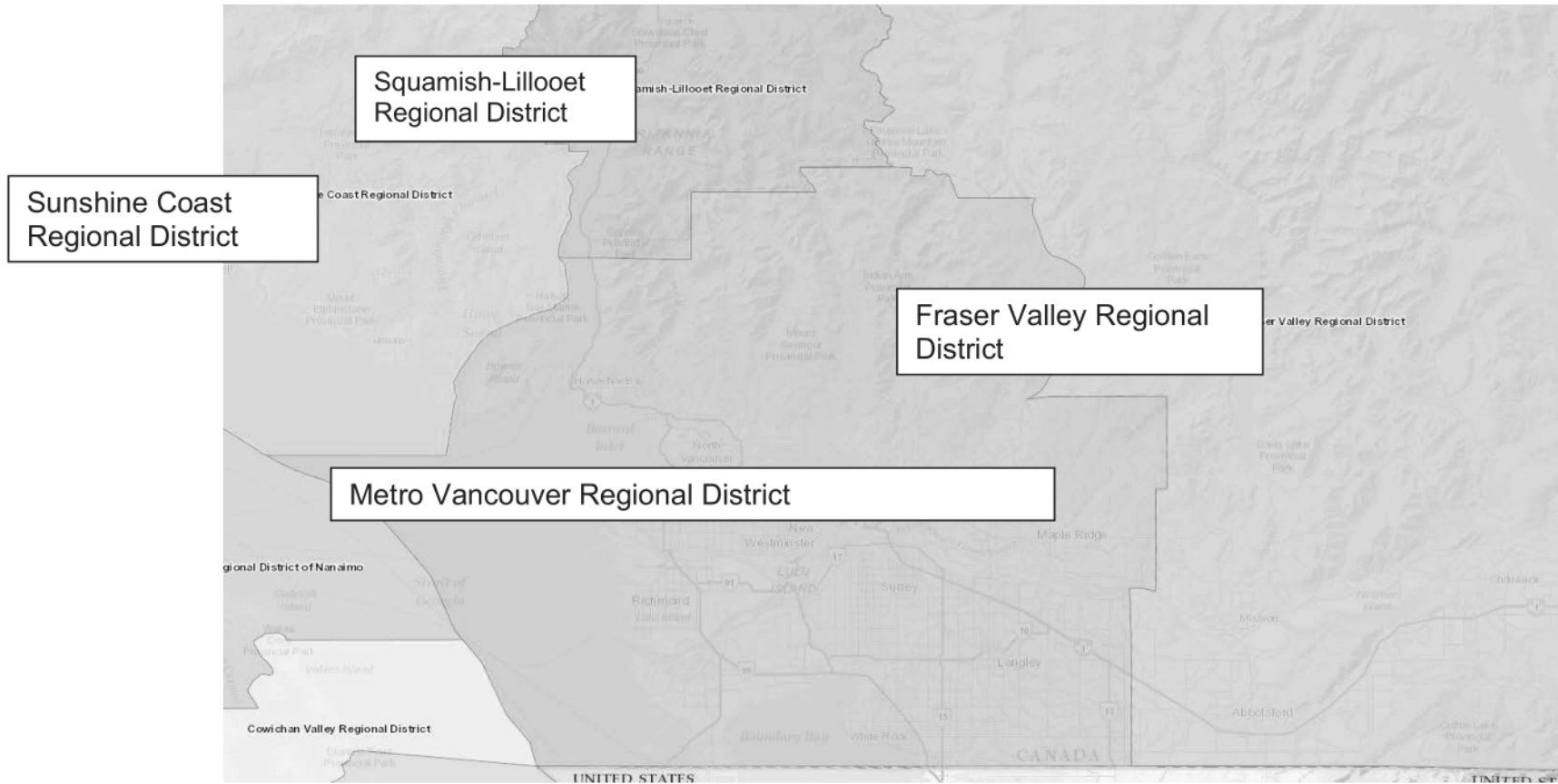
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### APPENDIX 2: Regional District Boundaries



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## BRIEFING NOTE FOR MEETING

**Date:** March 17, 2019

**Prepared For:** Parliamentary Secretary Bowinn Ma, Ministry of Municipal Affairs and Housing

**Title:** TransLink HandyDART

**Issue:** Ongoing issues with HandyDART

**Meeting With:** HandyDART Riders Alliance, Beth McKellar, Co-Chair and Marty Copeland, HandyDART driver and previously Amalgamated Transit Union Executive, on March 25, 2019

### KEY MESSAGES:

- **HandyDART is a vital service that many people rely on for their daily commute and staying connected to friends and family.**
- **It is a priority for our government to make sure everyone can access the important services they depend on, including accessibility to transit.**
- **Our government supports the Mayors' Council 10-Year Vision, including the 22 per cent increase in service that is now being rolled out as part of Phase One and Phase Two of the Vision.**
- **The Province is funding 40% of the costs of the Mayors' Council 10-Year Vision – a vision that includes improvements for HandyDART services. The Province is providing more than \$2.5 billion in capital funding to expand transit and transportation under Phase Two of the Vision.**
- **We look forward to further discussions through 2019 with the Mayors' Council and TransLink on how we can improve HandyDART service, reduce trip denials and ensure that seniors and people with disabilities get the rides they need.**

### IF PRESSED ON FUNDING:

- **TransLink has a range of revenue sources and tools that are used to fund HandyDART services within its service area (BC Transit does not have comparable revenue sources).**
- **Due to the unique transit funding model for Metro Vancouver, the Province does not provide operating funding for HandyDART services in that region.**
- **The Province's significant capital contribution supports TransLink's fiscal requirements, which in turn provides room for TransLink to use its revenue sources to fund expanded HandyDART service hours and operational improvements.**

### BACKGROUND:

HandyDART is an on-demand, door-to-door, shared ride service for passengers with physical or cognitive disabilities when they are unable to use conventional public transit without assistance. This service is delivered by TransLink within Metro Vancouver and through BC Transit in the rest of the province.

### *TransLink Review of HandyDART*

TransLink has been implementing recommendations from its own review to improve HandyDART service expansion, operational enhancements and fleet renewal. As part of Phase One of the Mayors' Council Vision, TransLink increased HandyDART trips by 7 percent above 2016 levels. By the end of 2019, TransLink will



increase service hours by a total of 15 percent over 2016 levels. In addition, TransLink will increase HandyDART service by another 7 percent from 2020 to 2021 as part of the Phase Two Investment Plan, increasing service by a total of 22 percent for both Phases.

### ***Provincial Role***

The provincial government has made two key public statements regarding improving HandyDART service.

- The election platform stated: *"... work with TransLink and BC Transit to find long and lasting solutions to improve HandyDART service, reduce trip denials, and ensure that seniors and people with disabilities get the rides they need."*
- Minister Trevena's mandate letter stated: *"Work with BC Transit, the federal government, and local governments to fund transit improvements across the province, including improving handyDART service."*

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The Province to date does not provide operating funding to TransLink for HandyDART services in Metro Vancouver. TransLink's annual HandyDART operating costs were \$54M in 2017 and are projected to be \$60M in 2020. However, the Province, through the Ministry of Transportation and Infrastructure, does provide operating funding to BC Transit for handyDART<sup>1</sup> services outside of Metro Vancouver.

### ***Complaints***

The Office of the Seniors Advocate monitors HandyDART performance for TransLink and BC Transit communities. A recent report stated that from 2016 to 2017, the number of active HandyDART clients with TransLink increased by 5%, while the number of complaints increased by 16%.

A couple of factors contributed to this increase. First, in the fall of 2017, TransLink revised its methods of recording complaints. Additionally, the contractor providing HandyDART services changed in July 2018, which corresponded to an increase in complaints. With consideration of these two factors, TransLink's data indicates that from November 2017, to November 2018, complaints continued to rise by almost 30% (*for more information, see the Appendix A graphic that shows HandyDART complaints from 2016 to 2018*).

### **DISCUSSION:**

The HandyDART Riders' Alliance (HRA) is a group working for better HandyDART and accessible transit service in Metro Vancouver. Representatives from the HRA frequently attend and present at Mayors' Council meeting. Potential topics for this meeting include:

<sup>1</sup> TransLink uses an uppercase 'H' when referring to HandyDART, while BC Transit uses a lower case 'h' for handyDART.





### ***Funding***

The Mayors' 10-Year Vision stated that they wish to pursue a 50/50 cost sharing arrangement with the Province to support HandyDART services, particularly for trips to access provincial health services.

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The HRA asserts that the provincial government has broken its promise to fund transit improvements including HandyDART, and trip denials have gone up as a result. Service quality has also deteriorated, with riders routinely forced to wait for hours.

### ***Complaints***

TransLink has responded that the rise in complaints has been a temporary situation resulting from a change in service providers. In July 2018, the contractor changed from MVT Canadian Bus Inc. to First Canada.

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In response, TransLink will be engaging public and internal stakeholders to resolve this transitional issue in as short a time as possible.

### ***Provincial Funding***

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### ***Human Rights Tribunal***

In 2017, the B.C. Human Rights Tribunal agreed to hear a complaint alleging that the lack of HandyDART service in Metro Vancouver is a human rights violation. On behalf of the HRA, Beth McKellar filed a class-action complaint alleging inferior transit service is provided to people with physical and mental disabilities compared to people who can use conventional public transit.

The complaint against the Province was dropped, leaving TransLink and the private bus company (MVT Canadian Bus) as the only respondents. At the suggestion of the Human Rights Tribunal, TransLink and McKellar agreed to attend a June 2018 settlement meeting. As settlement meetings are confidential, the outcome is currently unknown.



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**FINANCIAL IMPLICATIONS:** None. Consistent with the 20-year funding policy, the Province does not provide operating funding for TransLink HandyDART. !

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Appendices:

s.13; s.17

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**DATE APPROVED:**

March 15, 2019

March 16, 2019

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## BRIEFING NOTE FOR INFORMATION

**Date:** March 21, 2019

**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing

**Title:** Federal Budget Impacts – Federal Gas Tax Fund

**Issue:** The Federal Budget 2019 includes an increase to the Federal Gas Tax transfer to local governments, increasing their ability to invest in priority local infrastructure projects; other federal initiatives through this budget also have positive impacts on local governments.

### SUMMARY:

- **Federal Budget 2019 proposes to increase the 2019-20 allocation to federal Gas Tax Fund with a one-time transfer of \$2.2 billion to address short-term priorities in municipalities and First Nation communities.**
- **This will effectively double the federal government’s commitment to municipalities in 2019–20 from the 2018-19 allocation and will provide infrastructure funds for communities of all sizes, across Canada.**
- **Eligible categories include local roads and bridges, drinking water, wastewater, public transit, highways and other community infrastructure projects. More details will need to be provided by the federal government.**
- **TransLink receives annual funding from the federal Gas Tax Fund (GTF) through the Greater Vancouver Regional Fund (GVRF) stream. The GVRF funds regional transportation projects proposed by TransLink and approved by the Greater Vancouver Regional District board.**
- **Between 2014 and 2016 TransLink has invested over \$175 million<sup>1</sup> in Gas Tax funds for a range of transit projects and currently receives approximately \$140 million a year through the GVRF.**
- **In 2018, TransLink invested \$148 million from the GTF in 62 hybrid buses, six zero emissions battery-electric buses, 52 HandyDART vehicles, nine new community shuttles, and 25 double-decker buses. (See Appendix 1 for a summary of TransLink projects funded by the GTF).**
- **The one-time increase in Federal Budget 2019 means TransLink could potentially receive \$280 million toward regional transit and transportation projects.**
- **Also, there is an additional commitment of \$1.7 billion over 13 years starting in 2019-20 toward expanding broadband accessibility through the New Universal Broadband Fund and the existing Connect to Innovate fund. More information will be required and the Ministry of Citizens Services may be the lead.**
- **Several other budget initiatives impact communities including new funding for energy efficiency, emergency preparedness and cannabis taxation. However, other provincial ministries may be the lead on these items.**



<sup>1</sup>UBCM administers the GVRF. This number is an estimate. Note that the GVRF has a larger allocation per year that TransLink has yet to full expend.

## BACKGROUND:

The renewed Gas Tax Agreement (Agreement) is a tri-partite agreement between the federal government, provincial government and the Union of BC Municipalities (UBCM) that delivers federal funding to local governments and other eligible recipients for investments in sustainable infrastructure and capacity building. The Agreement took effect in April 2014 and will transfer approximately \$1.3 billion to local governments over the first five years and up to a total of \$2.7 billion over the ten-year period. The original Agreement, 2005 – 2014, transferred \$1.6 billion in federal funding to B.C. communities.

UBCM is responsible for administering the GTF within British Columbia (BC) in accordance with the Agreement. Funding is delivered through a combination of direct allocation, pooled and application-based funding programs. The three GTF programs are: Community Works Fund (CWF), GVRF and Strategic Priorities Fund (SPF.)

The CWF consists of a floor amount and a per-capita amount; and is delivered directly to local governments for eligible expenditures on community infrastructure.

The GVRF pools 95 per cent of GVRD-member per-capita allocations for regional transportation projects proposed by TransLink and approved by the GVRD board.

The SPF is an application-based pooled fund, 75 percent of per capita allocations, for local governments outside the GVRD, intended to make funds available for projects that are larger in scale, regional in impact, or innovative. Ministry staff thru Local Government Division participate with UBCM staff (as the lead) in the merit-based application processes and decisions for this grant funding.

On March 19, 2019 the federal government announced a doubling of the GTF for the 2019/20 fiscal year. This represents a one-time payment and not a permanent increase to the GTF.

## DISCUSSION:

The additional Gas Tax funding is allocated for the fiscal year 2019-20, meaning it will be made available as soon as the budget receives Royal assent, likely in June 2019. The federal government transfers GTFs twice a year on a prescribed schedule. The provincial allocation for the one-time *new* funding is yet to be determined.

The current allocation to BC through the GTF was anticipated to be \$280 million for fiscal 2019/20. The funding formula is in the Agreement and would result in the following amounts:

- \$140 million for GVRF (supporting TransLink)
- \$110 million for CWF
- \$30 million for SPF

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s.13; s.16; s.17. The BC allocation is not confirmed at this time. The federal government has not provided any indication if unique requirements will be placed on the increased amounts. Changing requirements would result in the need to amend the Agreement.

Any increase to the federal funding for the CWF and the SPF will be a welcomed assistance to local governments to assist in funding their needed infrastructure investments.



In a TransLink media release following Federal Budget 2019, Jonathan X. Coté, Mayor of New Westminster and the Chair of the Mayors' Council was quoted as saying, *"This announcement is a welcome contribution towards new transit services for the next phase of the 10-Year Vision"*.

At their March 15<sup>th</sup>, 2019 meeting, the Mayors' Council asked TransLink to bring back a plan to accelerate components of Phase Three of the 10-Year Vision. s.13

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In addition to the one-time increase in the GTF, Federal Budget 2019 proposes strategic investments that will make it easier and more affordable for Canadians to choose zero-emission vehicles including (Provincial work on ZEVs being led by the Ministry of Energy, Mines and Petroleum Resources):

- Expanding the network of zero-emission vehicle charging and refueling stations;
- \$5 million over five years, starting in 2019–20 to Transport Canada to work with auto manufacturers to secure voluntary zero-emission vehicle sales targets to ensure that vehicle supply meets increased demand;
- \$300 million over three years, starting in 2019–20, to Transport Canada to introduce a new federal purchase incentive of up to \$5,000 for electric battery or hydrogen fuel cell vehicles with a manufacturer's suggested retail price of less than \$45,000; and
- Zero-emission vehicles be eligible for a full tax write-off in the year they are put in use. Qualifying vehicles will include electric battery, plug-in hybrid (with a battery capacity of at least 15 kWh) or hydrogen fuel cell vehicles, including light-, medium- and heavy-duty vehicles purchased by a business.

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### ***Universal Broadband Fund***

Budget 2019 includes up to \$1.7 billion over 13 years, starting in 2019–20, to establish a new national high-speed internet program, the **Universal Broadband Fund**. The Fund would build on the success of the Connect to Innovate program and would focus on extending "backbone" infrastructure to underserved communities ("backbone" is the central channel used to transfer internet traffic at high speed—the internet equivalent of a major roadway or railway spur).

Linkage to BC Budget 2019 investment of \$50 million to expand high-speed internet service to more than 200 communities. Ministry of Citizens Services is the lead.





***Reducing Energy Costs Through Greater Energy Efficiency, p.84***, focus on buildings:

- Collaboration on Community Climate Action (\$350 million): to provide municipalities and non-profit community organizations with financing and grants to retrofit and improve the energy efficiency of large community buildings as well as community pilot and demonstration projects in Canadian municipalities, both large and small.
- Federation of Canadian Municipalities (FCM) and the Low Carbon Cities Canada Initiatives will create a network across Canada that will support local community actions to reduce GreenHouse Gas emissions – this has the potential to be of interest to the Ministry of Housing and Municipal Affairs (MAH), dependent on focus and details.
- Community EcoEfficiency Acceleration (\$300 million) to provide financing for municipal initiatives to support home energy efficiency retrofits. Homeowners could qualify for assistance in replacing furnaces and installing renewable energy technologies. The FCM will use innovative approaches like the Property Assessed Clean Energy (PACE) model allowing homeowners to repay retrofit costs through their property tax bills.
- Sustainable Affordable Housing Innovation (\$300 million) to provide financing and support to affordable housing developments to improve energy efficiency in new and existing housing and support on-site energy generation

***Improving Canada's Ability to Prepare for and Respond to Emergencies and Natural Disasters*** (p. 185)

Ensuring Better Disaster Management Preparation and Response. Ministry lead is likely Public Safety and Solicitor General.

- \$151.23 million over five years, starting in 2019–20, and \$9.28 million per year ongoing, to improve emergency management in Canada. This investment will improve Canada's ability to predict and respond to threats through the use of early warning systems and enhance our understanding of the nature of the risks posed by floods, wildfires and earthquakes. In addition, this investment will help to assess the condition and resilience of Canada's critical infrastructure—including energy grids, water and food supplies and health services—in the aftermath of a natural disaster.
- \$260 million over two years, on a cash basis, starting in 2019–20, to Public Safety Canada to support provincial and territorial disaster relief and recovery efforts through the Disaster Financial Assistance Arrangements Program.

***Cannabis Taxation***

- A new class of cannabis product is being created to include edibles, extracts and oils, and topicals to be taxed at a rate based on the amount of Tetrahydrocannabinol (THC)
- This change is to ease the administration and tracking of quality of these products.



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**FINANCIAL IMPLICATIONS:**

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**Attachments:**

1. Summary of TransLink project outcomes funded by the federal Gas Tax Fund
2. 2019 Federal Budget – BC Finance Analysis from Lock Up

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**DATE APPROVED:**

March 20, 2019

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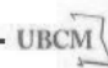
## Summary of TransLink project outcomes funded by the federal Gas Tax Fund

### Summary of Projects 2014-2016

Public Transit	
Completed Projects	11
Total Gas Tax Funds (\$)*	175,025,464
Total Project Costs (\$)***	181,090,263
Outcomes / Output	
Vehicle Purchase	540
<i>40' Conventional Diesel Buses</i>	17
<i>40' Compressed Natural Gas Buses</i>	96
<i>60' Hybrid Articulated Buses</i>	46
<i>Community Shuttles</i>	201
<i>HandyDART Vehicles</i>	151
<i>SeaBus Vessels</i>	1
<i>West Coast Express Rail Cars (buy-out)</i>	28
System Capacity Increase (number of spaces)	1,348
GHG Emissions Reductions (tonnes of CO <sub>2</sub> e/year)	2,438
Reduction in CAC Emissions (tonnes/year)	136
<i>HC (tonnes/year)</i>	1
<i>CO (tonnes/year)</i>	5
<i>NO<sub>x</sub> (tonnes/year)</i>	126
<i>PM (tonnes/year)</i>	3
Estimated Fuel Consumption (Litres/year) / (GJ/year)	6,876,570 L decrease in diesel consumption 3,850,490 L increase in gasoline consumption 183,264 GJ increase in compressed natural gas consumption
Other Transit Projects	5
<i>New Transit Centre</i>	1
<i>Upgrade to Operations and Maintenance Centre</i>	1
<i>Smart Card System</i>	1
<i>Technology Upgrades</i>	2

\*Includes interest earned on fund received

\*\* Project Forecast Costs as at 31 December 2016





## HIGHLIGHTS

### Documents

- In addition to the main budget plan, titled “Investing in the Middle Class”, the budget speech, and short backgrounders on a variety of issues such as the Canadian Training Benefit, housing, and pharmacare, there are two larger companion documents:
  - Investing in Young Canadians (27 pages): budget measures as they relate to youth; and
  - Gender Report (160 pages): gender-based analysis of budget measures.

### Economic and Fiscal Outlook

- Budget 2019 forecasts deficits of \$14.9 billion in 2018/19 and \$19.8 billion in 2019/20 (the latter figure includes a contingency reserve of \$3.0 billion). The federal government has committed to ensure that Debt to GDP declines (it is forecast to drop from 30.8% in 2018/19 to 28.6% in 2023/24) but it has not set a target date for returning to balance.
  - Economic and fiscal developments since the 2018 Fall Economic Statement (FES) have improved the fiscal outlook by \$3.7 to \$4.8 billion per year over the next five years and Budget 2019 more or less matches those improvements with offsetting “investments”, leaving the overall budgetary balances largely unchanged.
  - In the budget speech, Minister Morneau appears to balance growing the economy with reducing deficits: “And we’re going to make these investments to grow our economy for the long term – while we bring the books back towards balance.”

#### Federal Fiscal Balance and Debt to GDP Ratio

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Fiscal Balance (\$B)	-14.9	-19.8	-19.7	-14.8	-12.1	-9.8
Debt to GDP Ratio (%)	30.8	30.7	30.5	30.0	29.3	28.6

### Major Federal Transfers and National Pharmacare

- Budget 2009 announces that the federal government will create a new national drug agency (including \$35 million over four years for a “transition office”) and up to \$500 million per year starting in 2022/23 targeting high-cost drugs for rare diseases.
- No changes have been announced in regard to major federal transfers.

### Key BC Priorities

- The budget includes a package of measures intended to help first-time home buyers, boost supply in the housing and rental markets, and increase fairness.
- The budget provides \$1 billion in 2018/19 to improve energy efficiency of residential, commercial and multi-unit buildings, including \$300 million related to affordable housing developments.
- The budget provides \$1.4 billion over seven years (including an initial \$938 million in 2018–19) to forgive all outstanding comprehensive claim negotiation loans and to reimburse Indigenous governments that have already repaid these loans (page 129).



### Other Major Expenditure Announcements

- Making Student Loans More Affordable: \$1.700B budgeted over five years, starting in 2019/20, for changes to the Canada Student Loan Program, including lower interest rates and a new interest free grace period.
- Changes to Guaranteed Income Supplement (GIS): \$1.759B is budgeted over five years, starting in 2019/20, to extend eligibility for the earnings exemption to self-employment income and provide a full or partial exemption on up to \$15,000 of annual employment and self-employment income for each GIS or Allowance recipient as well as their spouse.
- Services for First Nations Children: \$1.212B over three years, starting in 2019/20, for services for First Nations children.

### Major Revenue/Tax Initiatives

- The major implications for BC in the federal budget is the Canada Training Credit. Although it will not impact BC revenues, it will provide British Columbians resources to focus on future training and upgrading skills.
- The enhancement for Zero emission vehicles will make the tax treatment of ZEV more attractive than for traditional motor fuel vehicles.
- The increase to the Home Buyers Plan amount from \$25,000 to \$35,000 will make it more affordable for families to get into the market.



## 1. ECONOMIC OUTLOOK

- Budget 2019 is based on a forecast of national real GDP growth of 1.8% in 2019 and 1.6% in 2020; Budget 2018 had forecast growth rates of 1.6% and 1.7%, respectively.
- According to Table A2.1 on pages 279-80, the average of private sector forecasts indicates modest growth over the next five years. The forecast for Real GDP is somewhat stronger than the national forecast in BC's Budget. National employment is forecast to be higher than the BC Budget forecast for unemployment in the province.

### Average of Private Sector Forecasts, with Comparisons from BC's 2019 Budget

	2018	2019	2020	2021	2022	2023	2018-23 Average
<b>Real GDP Growth (%)</b>	<b>1.9</b>	<b>1.8</b>	<b>1.6</b>	<b>1.7</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>
<i>National - BC Budget</i>	<i>2.0</i>	<i>1.6</i>	<i>1.6</i>	<i>1.6</i>	<i>1.6</i>	<i>1.6</i>	
<i>BC Only - BC Budget</i>	<i>2.2</i>	<i>2.4</i>	<i>2.3</i>	<i>2.1</i>	<i>2.0</i>	<i>2.0</i>	
<b>Nominal GDP Growth (%)</b>	<b>3.8</b>	<b>3.4</b>	<b>3.5</b>	<b>3.7</b>	<b>3.9</b>	<b>4.0</b>	<b>3.7</b>
<i>BC Only - BC Budget</i>	<i>4.6</i>	<i>4.4</i>	<i>4.3</i>	<i>4.0</i>	<i>3.9</i>	<i>3.9</i>	
<b>Nominal GDP (\$B)</b>	<b>2,223</b>	<b>2,298</b>	<b>2,379</b>	<b>2,467</b>	<b>2,564</b>	<b>2,667</b>	
<b>GDP Inflation (%)</b>	<b>1.9</b>	<b>1.6</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>1.9</b>
<i>BC Only - BC Budget</i>	<i>2.3</i>	<i>4.4</i>	<i>4.3</i>	<i>4.0</i>	<i>3.9</i>	<i>3.9</i>	
<b>CPI Inflation (%)</b>	<b>2.3</b>	<b>1.9</b>	<b>2.0</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<i>National - BC Budget</i>	<i>2.3</i>	<i>2.2</i>	<i>2.1</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	
<i>BC Only - BC Budget</i>	<i>2.7</i>	<i>2.2</i>	<i>2.1</i>	<i>2.0</i>	<i>2.0</i>	<i>2.0</i>	
<b>Unemployment Rate (%)</b>	<b>5.8</b>	<b>5.7</b>	<b>5.9</b>	<b>6.0</b>	<b>6.0</b>	<b>5.9</b>	<b>5.9</b>
<i>BC Only - BC Budget</i>	<i>4.7</i>	<i>4.9</i>	<i>5.1</i>	<i>5.3</i>	<i>5.5</i>	<i>5.5</i>	

- According to Table A2.15 on page 321, a one-year, one percentage point decrease in Real GDP growth would have the following impacts:

	Year 1	Year 2	Year 5
Federal Revenue	-4.2	-3.9	-4.5
Federal Expenses	0.7	0.9	0.6
Budgetary Balance	-4.9	-4.9	-5.1

- According to the Budget Plan (pages 258-268):
  - Global economic expansion is moderating;
  - Global growth concerns contributed to increased market volatility at the end of 2018;
  - Canada's economy remains strong but a focus on middle class growth remains essential;
  - Household spending has cooled and housing markets are more balanced;
  - The fundamentals remain supportive of business investment;
  - Export growth continues to be led by energy and services; and
  - Lower global oil prices are dampening growth.



## 2. FISCAL OUTLOOK

- Budget 2019 forecasts deficits of \$14.9 billion in 2018/19 and \$19.8 billion in 2019/20 (note: these amounts are after adjustments for risk). The fiscal plan does not specify a date for returning to surplus.

### Federal Deficit Project After Adjustments for Risk (\$ billions)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Budget 2019	-14.9	-19.8	-19.7	-14.8	-12.1	-9.8
Fall Update 2018	-18.1	-19.6	-18.1	-15.1	-12.6	-11.4

- Based on Table A2.2 on page 281 of the Budget, the fiscal balances for 2018/19 and 2019/20 have been impacted by economic and fiscal developments and 2017 Budget measures:
  - Economic and fiscal developments since the 2018 Fall Update have improved the federal fiscal outlook by \$5.9 billion in 2018/19 and \$4.8 billion in 2019/20 (see Table A2.3 on page 282 for details);
  - Measures taken since the Fall Update are estimated to have a net cost of \$1.4 billion in 2018/19 and \$1.1 billion in 2019/20;
  - Budget 2019 measures are forecast to have a net cost of \$4.2 billion in 2018/19 and \$4.0 billion in 2019/20; and
  - Adjustment for risk (contingency amounts) in Budget 2019 increases the federal deficit by \$3.0 billion in 2019/20, which is unchanged from the amounts used in the Fall Update. The adjustment for risk for 2018/19 is eliminated, thereby lowering the deficit by \$3.0 billion.

### Changes to Fiscal Outlook Since Fall Update (\$ billions)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Fall Update Reported Fiscal Balance</b>	<b>-18.1</b>	<b>-19.6</b>	<b>-18.1</b>	<b>-15.1</b>	<b>-12.6</b>	<b>-11.4</b>
Fall Update Adjustment for Risk	3.0	3.0	3.0	3.0	3.0	3.0
<b>Fall Update Underlying Balance<sup>1</sup></b>	<b>-15.1</b>	<b>-16.6</b>	<b>-15.1</b>	<b>-12.1</b>	<b>-9.6</b>	<b>-8.4</b>
Economic & Fiscal Developments	5.9	4.8	4.7	3.7	4.1	4.6
Measures Taken Since Fall Update	-1.4	-1.0	-0.6	-0.6	-0.2	-0.2
<b>Status Quo Underlying Balance</b>	<b>-10.7</b>	<b>-12.8</b>	<b>-11.0</b>	<b>-9.1</b>	<b>-5.7</b>	<b>-4.0</b>
Budget 2019 Measures	-4.2	-4.0	-5.7	-2.7	-3.4	-2.8
<b>Underlying Balance After Measures</b>	<b>-14.9</b>	<b>-16.8</b>	<b>-16.7</b>	<b>-11.8</b>	<b>-9.1</b>	<b>-6.8</b>
Risk Adjustment		3.0	3.0	3.0	3.0	3.0
<b>Budget 2019 Reported Fiscal Balance</b>	<b>-14.9</b>	<b>-19.8</b>	<b>-19.7</b>	<b>-14.8</b>	<b>-12.1</b>	<b>-9.8</b>

<sup>1</sup> Underlying Balance is the fiscal balance without adjustment for risk.

- Table 1 on page 18 groups of all expenditure and revenue measures in Budget 2019 into five categories:


**Fiscal Impact of Measures in Budget 2018 (\$ billions)**

	2018/19	2019/20	2020/21	2020/21	2022/23	2023/24
Investing in People	0.0	-0.6	-1.3	-1.8	-2.3	-2.4
Building a Better Canada	-3.2	-0.3	-0.8	-0.8	-0.6	-0.4
Advancing Reconciliation	-0.9	-0.7	-1.0	-1.0	-0.6	-0.6
Delivering Real Change	-0.1	-1.7	-1.6	-0.8	-0.5	-0.6
Other Budget 2019 investments	0.0	-0.7	-0.9	1.6	0.6	1.2
Total investments in Budget 2019	-4.2	-4.0	-5.7	-2.7	-3.4	-2.8

- Revenue in 2019/20 is budgeted to increase by \$6.6 billion (2.0%), after growing by \$21.0 billion (6.7%) in 2018/19 (see Table 3.2 on page 285 for details).
  - Personal Income Tax is budgeted to increase by \$7.6 billion (4.7%) in 2019/20 after growing by \$9.2 billion (6.0%) in 2018/19.
  - Corporate Income Tax is budgeted to decline by \$5.7 billion (11.0%) in 2019/20 after growing by \$4.2 billion (8.8%) in 2018/19.
- Spending in 2019/20 is budgeted to increase by \$5.9 billion (1.8%), after growing by \$15.2 billion (4.9%) in 2018/19 (see Table 3.3 on page 289 for details). Elderly Benefits showed the largest increase in 2019/20, growing by \$2.9 billion (5.4%).
- Federal net debt (total liabilities less financial assets) is estimated to be \$793.7 billion in 2019/20, compared to \$757.8 billion announced in Budget 2018.
- Federal debt (net debt less non-financial assets) is estimated to be \$705.4 billion in 2019/20, compared to \$687.1 billion in Budget 2018.
- As a share of GDP, federal debt is projected to decline from 30.7% in 2019/20 to 28.6% in 2023/24; Budget 2018 had projected federal debt would fall from 29.8% in 2019/20 to 28.4% in 2022/23.

**Federal Debt**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Federal Net Debt (\$ billion)	771.2	793.7	816.0	833.6	847.8	859.1
Federal Debt (\$ billion)	685.6	705.4	725.1	739.8	751.9	761.7
Debt as a Share of GDP (%)	30.8	30.7	30.5	30.0	29.3	28.6





### 3. MAJOR FEDERAL TRANSFERS

- As expected, Budget 2019 does not announce any design changes to the Canada Health Transfer, the Canada Social Transfer, Equalization, or Territorial Formula Financing.

### 4. NATIONAL PHARMACARE

- The interim report of the Advisory Council on Implementation of National Pharmacare was released earlier this month. While there were no specific funding recommendations in the interim report, the announcements in Budget 2009 are generally consistent with that document's recommendations:
  - A proposal to work with provinces, territories, and stakeholders to create a new Canadian Drug Agency to assess the effectiveness of new drugs, negotiate drug prices on behalf of Canada's drug plans, and recommend which drugs represent the best value for money and in cooperation with provinces, territories and other partners identify which drugs could form the basis of a future national formulary;
  - Provide to Health Canada \$35 million over four years starting in 2019/20 to establish a Canadian Drug Agency Transition Office; and
  - Work with provinces, territories, and stakeholders to establish a national strategy for high cost drugs for rare diseases and provide up to \$1.0 billion over 2022/23 and 2023/24, with up to \$500 million per year ongoing, to help Canadians with rare diseases access needed drugs; no such funding is allocated for 2019/20, 2020/21, or 2021/22.
- As the table below shows, the federal financial commitment over the near term (\$25 million over three years) is quite small. By comparison, on January 1, 2019, BC increased the funding to its Fair PharmaCare program by \$105 million over the next three years (providing direct assistance to BC families with incomes up to \$45,000, reducing deductibles and copayments) and Budget 2019 provided an additional \$42 million over three years to support the expansion of the formulary and improve coverage under PharmaCare.
- A final report of the Advisory Council is not expected until June 2019; it is likely that the federal Liberal platform for the 2019 general election will commit to more substantial investments in a national pharmacare program based on that report.

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
Introducing the Canadian Drug Agency	0	5	10	10	10	0	35
Making High-Cost Drugs for Rare Diseases More Accessible	0	0	0	0	500	500	1,000
<b>Total</b>	<b>0</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>510</b>	<b>500</b>	<b>1,035</b>



## 5. KEY BC PRIORITIES

- Budget measures relevant to B.C.'s specific federal engagement priorities include the following:

BC Priority	Key Details
<b>Housing</b> Pages 22-33, 71	<p>The budget includes a package of measures intended to help first-time home buyers, boost supply in the housing and rental markets, and increase fairness. Measures include:</p> <ul style="list-style-type: none"> <li>\$10 billion over nine years in low-cost loans to expand and extend the 2017 Rental Construction Financing Initiative (RCFI);</li> <li>\$1.25 billion over three years for first-time home buyers through a new means-tested, repayable First-Time Home Buyer Incentive;</li> <li>an increase from \$25,000 to \$35,000 in the maximum RRSP withdrawal under the Home Buyers' Plan; in addition, individuals will be able to access the Home Buyers' Plan following breakdown of a marriage or common-law partnership;</li> <li>\$300 million over five years starting in 2020/21 for a "Housing Supply Challenge" for innovative solutions to address housing supply barriers.</li> </ul> <p>Note that in the case of repayable incentive programs the allocations in the table above reflect only the amounts expended for interest payments in each year.</p>
<b>Energy Efficient Homes and Buildings</b> Page 84	<p>The budget includes \$1 billion in 2018/19 to improve energy efficiency of residential, commercial and multi-unit buildings. The funding, to be delivered by the Federation of Canadian Municipalities through the Green Municipal Fund, includes:</p> <ul style="list-style-type: none"> <li>\$300 million to improve energy efficiency in new and existing affordable housing developments and to support on-site energy generation;</li> <li>\$350 million for municipalities and non-profit community organizations to retrofit and improve the energy efficiency of large community buildings and for community pilot and demonstration projects;</li> <li>\$300 million for municipal initiatives to support home energy efficiency retrofits.</li> </ul>
<b>Opioids</b> Pages 155-156, 208	<p>The budget includes a small package of new measures, worth \$31 million over five years, to address gaps in harm reduction and treatment related to the opioid crisis. The funding is intended to expand access to a safe supply of prescription opioids; and to support better access to opioid overdose response training and Naloxone in underserved communities.</p>
<b>Electrification of the Natural Gas Sector</b>	<p>There are no substantive new initiatives directly relevant to B.C.'s objective of gas field electrification.</p> <p>A brief passage on page 85 refers to the importance of electrical connectivity infrastructure, to the First Ministers' recent discussion of clean energy corridors, and to the possibility that the Canada Infrastructure Bank may provide financing for electrical infrastructure.</p>
<b>Cultural Infrastructure</b>	<p>There are no new initiatives specifically relevant to provincial cultural infrastructure investments. However, municipal cultural infrastructure is a category of funding eligible for the one-time \$2.2 billion top-up of the Gas Tax Fund (page 80).</p>




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**Other B.C.-Relevant  
Initiatives**

Other initiatives that may be of particular interest from B.C.'s perspective include:

- \$1.4 billion over seven years (including an initial \$938 million in 2018–19) to forgive all outstanding comprehensive claim negotiation loans and to reimburse Indigenous governments that have already repaid these loans (page 129);
  - \$259 million over five years starting in 2019/20 to improve on-reserve emergency response (pages 141-142);
  - \$196 million over five years in new funding starting in 2020/21, plus \$97 million over five years from existing resources of the National Research Council, for the TRIUMF laboratory in Vancouver (page 123);
  - \$161 million over five years starting in 2019/20, plus legislative changes, to strengthen Canada's anti-money laundering and anti-terrorist financing regime (pages 198-200);
  - \$103 million over five years starting in 2019/20 to strengthen Indigenous governance tools (pages 130-132);
  - \$100 million over three years starting in 2019/20 to increase Western Economic Diversification Canada's programming (page 113);
  - \$46 million over three years starting in 2019/20 for the Canadian Coast Guard, Transport Canada and Environment and Climate Change Canada to improve marine environmental response planning;
  - \$13 million in 2019/20 for Natural Resources Canada to maintain its capacity to conduct consultations with Indigenous communities on major energy projects and to support Indigenous participation in the natural resource sector (page 145).
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## 6. OTHER EXPENDITURE ANNOUNCEMENTS

- Beyond those covered in the BC Priorities, Budget 2019 includes a number of other program measures, including:

<b>Making Canada Student Loans More Affordable</b> Pages 44-45	<ul style="list-style-type: none"> <li>\$1.700B over five years, starting in 2019/20:</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
		\$0	\$224M	\$345M	\$361M	\$377M	\$392M	\$1.700B
	<ul style="list-style-type: none"> <li>\$1.700B is budgeted for the following changes:</li> </ul>							
	<ul style="list-style-type: none"> <li><u>Lower Interest Rates</u></li> </ul>							
	<ul style="list-style-type: none"> <li>Lowering the floating interest rate from prime plus 2.5% to prime starting in 2019/20 and</li> <li>Lowering the fixed interest rate from price plus 5% to prime plus 2% starting in 2019/20.</li> </ul>							
	<ul style="list-style-type: none"> <li><u>New Interest Free Grace Period</u></li> </ul>							
	<ul style="list-style-type: none"> <li><i>Budget 2019</i> proposes to amend the <i>Canada Student Financial Assistance Act</i>, so that student loans will not accumulate any interest during the six-month non-repayment period (the "grace period") after a student loan borrower leaves school.</li> </ul>							
<b>Supporting Indigenous Post-Secondary Education</b> Pages 48-49	<ul style="list-style-type: none"> <li>\$540M over five years, starting in 2019/20:</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
		\$0	\$82M	\$99M	\$119M	\$119M	\$121M	\$540M
	<ul style="list-style-type: none"> <li>Funding is for three initiatives:               <ol style="list-style-type: none"> <li>\$327.5 million over five years to renew and expand funding for the Post-Secondary Student Support Program while the Government engages with First Nations on the development of long-term First Nations-led post-secondary education models</li> <li>\$125.5 million over ten years, and \$21.8 million per year ongoing for an Inuit post-secondary education strategy.</li> <li>\$362.0 million over ten years, and \$40.0 million per year ongoing for a Métis Nation-led post-secondary education strategy consisting of financial assistance for Métis Nations students.</li> </ol> </li> </ul>							
<b>Expanding the Student Work Placement Program</b> Pages 54-55	<ul style="list-style-type: none"> <li>\$631 million over five years, starting in 2019/20:</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
		\$0	\$76M	\$113M	\$148M	\$148M	\$148M	\$631M
	<ul style="list-style-type: none"> <li>Funding is to support up to 20,000 new work placements per year for post-secondary students across Canada, in all disciplines, by 2021–22.</li> </ul>							



**Improving the  
Economic Security of  
Low-Income Seniors**  
Pages 63-65

- \$1.759B over five years, starting in 2019/20:
 

2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
\$0	\$0	\$346M	\$466M	\$471M	\$476M	\$1.759B
- *Budget 2019* proposes to introduce legislation that would enhance the GIS earnings exemption beginning with the July 2020 to July 2021 benefit year. The enhancement would:
  - Extend eligibility for the earnings exemption to self-employment income.
  - Provide a full or partial exemption on up to \$15,000 of annual employment and self-employment income for each GIS or Allowance recipient as well as their spouse, specifically by:
    - Increasing the amount of the full exemption from \$3,500 to \$5,000 per year for each GIS or Allowance recipient as well as their spouse; and
    - Introducing a partial exemption of 50 per cent, to apply to up to \$10,000 of annual employment and self-employment income beyond the initial \$5,000 for each GIS or Allowance recipient as well as their spouse..
- The estimated cost of these measures is \$1.76 billion over the 2020/21-2023/24 period.

**New Infrastructure  
Funding for Local  
Communities Through  
a Municipal Top-Up**  
Page 80

- *Budget 2019* includes a transfer of \$2.2 billion in 2018/19 through the federal Gas Tax Fund to address short-term priorities in municipalities and First Nation communities.
- As a result, BC's 2018/19 allocation of \$278.6M doubles to \$557.2M.
- No changes to program parameters.

**Making Zero-Emission  
Vehicles More  
Affordable**  
Pages 81-82

- \$435 million over five years, starting in 2019/20:
 

2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
\$0	\$82M	\$119M	\$159M	\$38M	\$37M	\$435M
- Funding is for two initiatives:
  - \$130 million over five years, starting in 2019–20, to Natural Resources Canada, to expand the network of zero-emission vehicle charging and refuelling stations in workplaces, public parking spots, commercial and multi-unit residential buildings, and remote locations.
  - \$300 million over three years, starting in 2019–20, to Transport Canada to introduce a new federal purchase incentive of up to \$5,000 for electric battery or hydrogen fuel cell vehicles with a manufacturer's suggested retail price of less than \$45,000. Program details to follow.

**Investing in Connect to  
Innovate and  
Launching the New  
Universal Broadband  
Fund**  
Page 97

- \$ 1.7 billion over 13 years, starting in 2019/20:
 

2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
\$0	\$26M	\$162M	\$220M	\$216M	\$92M	\$717M
- *Budget 2019* includes up to \$1.7 billion over 13 years, starting in 2019–20, to establish a new national high-speed internet program, the **Universal Broadband Fund**. The Fund would build on the success of the Connect to Innovate program and would focus on extending “backbone” infrastructure to underserved communities (“backbone” is the central channel used to transfer internet traffic at high speed—the internet equivalent of a major roadway or railway spur).
- Linkage to BC *Budget 2019* investment of \$50 million to expand high-speed internet service to more than 200 communities.




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**Helping Canada's  
Forest Sector Innovate  
and Grow**  
Pages 111-12

- \$251M over three years, starting in 2020/21:

<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
\$0	\$0	\$84M	\$84M	\$84M	-\$1M*	\$251M

Funding is for four Natural Resource Canada programs:

1. Up to \$91.8 million over three years for the **Forest Innovation Program**, to support pre-commercial research and development, positioning the Canadian forest sector at the forefront of the emerging bioeconomy.
2. Up to \$82.9 million over three years for the **Investments in Forest Industry Transformation** program, to support the industrial commercialization and adoption of innovative technologies and processes, contributing to clean economic growth and jobs.
3. Up to \$64.0 million over three years for the **Expanding Market Opportunities Program**, to increase and diversify market opportunities for Canadian forest products in offshore markets, and expand wood use in non-residential and mid-rise construction, including within Canada.
4. Up to \$12.6 million over three years for the **Indigenous Forestry Initiative**, to support forest-based economic development for Indigenous communities across Canada.

\* less funds sourced from existing departmental resources.

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**Launching a Federal  
Strategy on Jobs and  
Tourism**  
Pages 113-14

- \$100 million over four years, starting in 2019/20:

<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
\$0	\$24M	\$39M	\$0M	\$0	\$0	\$63M

- *Budget 2019* includes \$58.5 million over two years, starting in 2019–20, to the Regional Development Agencies for the creation of a Canadian Experiences Fund.
- The Fund would support Canadian businesses and organizations seeking to create, improve or expand tourism-related infrastructure—such as accommodations or local attractions—or new tourism products.

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**SIF - Supporting  
Innovation in the Oil  
and Gas Sector  
Through Collaboration**  
Pages 114-15

- \$100 million over four years, starting in 2019/20:

<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
\$0	\$10M	\$30M	\$30M	\$30M	\$0M	\$100M

- *Budget 2019* provides an additional \$100 million over four years, starting in 2019/20, for the Strategic Innovation Fund, leveraging private sector co-investments, in order to support the activities of the Clean Resource Innovation Network (CRIN).
  - The CRIN is a consortium made up of companies of all sizes, innovators, not-for-profits, and academic institutions.
-




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**Support for Science,  
Research and  
Technology  
Organizations**  
Pages 121-22

- *Budget 2019* includes funding for six research and technology organizations, some of which have previously received funding from BC:
    1. \$18 million over three years, starting in 2019/20, for **The Stem Cell Network** - a national not-for-profit organization that helps translate stem cell research into clinical applications and commercial products.
    2. \$40 million over two years, starting in 2020/21, for the **Brain Canada Foundation** - a national charitable organization that raises funds to foster advances in neuroscience discovery research, with the aim of improving health care for people affected by neurological injury and disease.
    3. \$150 million over five years, starting in 2019/20, for the **Terry Fox Research Institute** to help establish a national Marathon of Hope Cancer Centres Network.
    4. \$10 million over five years beginning in 2019/20, for **Ovarian Cancer Canada** to help address existing gaps in knowledge about effective prevention, screening, and treatment options for ovarian cancer.
    5. \$100.5 million over five years, starting in 2020/21 for **Genome Canada** to launch new large-scale research competitions and projects, in collaboration with external partners
    6. \$10 million over two years, starting in 2020/21 to **Let's Talk Science** to engage youth in STEM activities.
- 

**National Council for  
Reconciliation**  
Page 134

- *Budget 2019* includes one-time funding of \$126.5 million in 2020/21 to establish a National Council for Reconciliation and endow it with initial operating capital. The Council will involve all Canadians in creating a better understanding of reconciliation and will serve as a permanent reminder of the importance of reconciliation and the Calls to Action.
- 

**Continuing  
Implementation of  
Jordan's Principle**  
Page 136

- \$1.212B over three years, starting in 2019/20:
 

<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
\$0	\$404M	\$404M	\$404M	\$0	\$0	\$1.212B
  - Funding is to ensure that First Nations children continue to have access to the services that they need (Jordan's Principle).
  - The Budget notes that Canada and First Nations will continue to work together to develop a long-term approach to improving services for First Nations children.
- 

**Preserving, Promoting  
and Revitalizing  
Indigenous Languages**  
Pages 137-138

- \$334 million over five years, starting in 2019/20:
 

<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
\$0	\$15M	\$44M	\$72M	\$87M	\$116M	\$334M
  - Funding is for indigenous language preservation, promotion and revitalization projects.
- 

**On Track to Eliminate  
Boil Water Advisories  
on Reserve**  
Pages 139-140

- \$739M over five years, starting in 2019/20:
 

<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
\$0	\$67M	\$149M	\$164M	\$174M	\$185M	\$739M
  - Funding is to support ongoing efforts to eliminate and prevent long-term drinking water advisories.
-



<b>Improving Emergency Response On Reserve</b> Page 141	<ul style="list-style-type: none"> <li>\$259M over five years, starting in 2019/20:               <table border="1" data-bbox="477 338 1360 411"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$33M</td> <td>\$50M</td> <td>\$58M</td> <td>\$57M</td> <td>\$61M</td> <td>\$259M</td> </tr> </tbody> </table> </li> <li>The \$259 million is designated for two streams of work:               <ul style="list-style-type: none"> <li>\$211.0 million over five years, starting in 2019/20, to support increased resiliency and emergency management and</li> <li>\$48.0 million over four years, starting in 2020/21, to renew funding for infrastructure projects on-reserve that will protect communities from climate-related hazards.</li> </ul> </li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$33M	\$50M	\$58M	\$57M	\$61M	\$259M
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$33M	\$50M	\$58M	\$57M	\$61M	\$259M									
<b>Advancing Gender Equality</b> Pages 169-170	<ul style="list-style-type: none"> <li>\$160M over five years, starting in 2019/20:               <table border="1" data-bbox="477 674 1360 747"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$10M</td> <td>\$10M</td> <td>\$20M</td> <td>\$40M</td> <td>\$80M</td> <td>\$160M</td> </tr> </tbody> </table> </li> <li>Funding is for the Department for Women and Gender Equality. No details are provided on how the incremental funding will be used.A</li> <li>A gender statement: equality pages 211-256.</li> <li>See separate Gender Report.</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$10M	\$10M	\$20M	\$40M	\$80M	\$160M
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$10M	\$10M	\$20M	\$40M	\$80M	\$160M									
<b>Strengthening the Royal Canadian Mounted Police</b> Page 183	<ul style="list-style-type: none"> <li>\$509M over five years, starting in 2019/20:               <table border="1" data-bbox="477 942 1360 1016"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$96M</td> <td>\$112M</td> <td>\$100M</td> <td>\$100M</td> <td>\$100M</td> <td>\$509M</td> </tr> </tbody> </table> </li> <li>Funding is designated for four streams of work:               <ol style="list-style-type: none"> <li>77.3 million over five years and \$13.5 million ongoing for enhanced law enforcement at the border;</li> <li>\$68.9 million over five years and \$20 million ongoing for enhanced federal policing capacity, including to fight money laundering;</li> <li>\$11.5 million over three years to support transportation security; and</li> <li>\$5.7 million over five years and \$1.2 million ongoing to protect national economic security.</li> </ol> </li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$96M	\$112M	\$100M	\$100M	\$100M	\$509M
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$96M	\$112M	\$100M	\$100M	\$100M	\$509M									
<b>Enhancing the Integrity of Canada's Borders and Asylum System</b> Pages 184	<ul style="list-style-type: none"> <li>\$1.176B over five years, starting in 2019/20:               <table border="1" data-bbox="477 1346 1360 1419"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$362M</td> <td>\$460M</td> <td>\$225M</td> <td>\$65M</td> <td>\$60M</td> <td>\$1.176B</td> </tr> </tbody> </table> </li> <li>Funding is to support implementation of the <i>Border Enforcement Strategy</i>, and to process 50,000 asylum claims per year, as well as to facilitate removal of failed asylum claimants in a timely manner.</li> <li><i>Budget 2019</i> notes that Canada plans to introduce legislative amendments to the <i>Immigration and Refugee Protection Act</i> to better manage, discourage and prevent irregular migration.</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$362M	\$460M	\$225M	\$65M	\$60M	\$1.176B
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$362M	\$460M	\$225M	\$65M	\$60M	\$1.176B									





## 7. REVENUE/TAX MEASURES

- The tax measures announced in the budget will cost about \$3 million in 2018/19 and -\$2 million in 2019/20. The majority of this recovery is due to the mutual fund changes.
- The majority of the changes do not have direct impacts on the taxable income for the purposes of calculating BC income tax.

### PERSONAL INCOME TAX MEASURES

#### Canada Training Credit Introduced

- The new Canada Training Credit provides a refundable credit to Canadians between the ages of 25 and 64 for the cost of professional development. This credit may be used towards the cost of eligible tuition and fees but preclude that tuition and fees from being eligible from the tuition tax credit.
  - The individual accrues a pool of refundable credits at a rate of \$250 per year starting 2019 or age 25, have taxable income within the first three tax brackets (2019 – below \$147,667), and have earned income of at least \$10,000.
  - A refundable credit may be claimed on the tax return at a rate of 50% of eligible tuition and fees.
  - Remaining pool amounts are carried forward until the individual reaches the age of 65.
- Revenue implications: \$nil over fiscal plan

#### Home Buyers Plan Enhanced

- The Home Buyers Plan (HBP) allows for an individual to withdraw up to \$25,000 from his/her RRSP in order to purchase their first home and repaying that amount over 15 years. Coupled individuals may each withdraw \$25,000. There are two enhancements to the HBP in Budget 2019: the increase in the withdrawal amount from \$25,000 to \$35,000 and allowing access to the HBP after marriage breakdown.
  - The withdrawal limit is increased from \$25,000 to \$35,000. Couples may withdraw up to \$70,000. The new limit is applicable for withdrawals made after March 19, 2019.
  - Where marriage breakdown occurs, individuals would generally not be able to access the HBP because they may have jointly owned a principal residence before the breakdown. Budget 2019 provides relief to those individuals in allowing them access to the HBP if they are living separate and apart.

#### Change in use of multi-unit residential buildings

- Change in use occurs when a piece of property changes from personal use to income-generating use such as beginning to rent out a second home in the SVT area. Where a change in use of a residential building occurs, a taxpayer may elect to defer the realized gains on the property. However, the election may only occur if the change in use impacted the entire property. For example, the election may not be used for a new basement suite while the upstairs is still owner occupied.
- For duplexes and other multi-unit residential buildings, this criteria automatically disqualified these types of buildings from an election to defer the gain. Budget 2019 allows these types of buildings to qualify even where other units are not changed from personal to income-generating use.



### **Permitting additional types of annuities for registered plans**

- Certain annuities may be purchased by a registered plan. For example, an individual may use his/her RRSP funds to purchase certain annuities as part of his/her retirement plan.
- For 2020 and subsequent years, the types of annuities allowed to be purchased by a registered plan are expanded to include Advanced Life Deferred Annuities and Variable Payment Life Annuities.

### **Registered Disability Savings Plan Changes**

- A registered disability savings plan (RDSP) allows for a family to save to help a disabled family member. Where the disabled individual is no longer qualifies for the disability tax credit, the RDSP is required to be wound up.
- Budget 2019 provides relief to remove the time limit on when the RDSP must be wound up.

### **Kinship Care Programs**

- Many provinces have programs where family member care for children in care. Budget 2019 clarifies the tax treatment of these foster families:
  - These parents many qualify for the Canada Workers Benefit family amount regardless of if they receive support from a care program.
  - Any income test benefits received as financial assistance is not included in taxable income nor is it included in net income for the purpose of benefits calculations.

### **Donations of Cultural Property**

- Budget 2019 proposes to provide an enhanced tax credit to the donation of property that has “outstanding significance” to Canadian history

### **Medical Expense Tax Credit – Medical Marijuana**

- Previously, only medical marijuana was eligible for the medial expense tax credit. Given that marijuana is more available, Budget 2019 proposes to allow any marijuana purchased for medical purposes to qualify for the medical expense tax credit.

### **Pension Plan changes**

- Generally, pension plans may only allow contributions for employees who are under 71. Certain specified multi-employer run pension plans did not have these restrictions. These rules have been changed to restrict contributions to employees who are under 71.
- Certain planning was taking place to circumvent rules on the transfer limits of funds from a defined benefits plan to an individual pension plan. These rules have been changed to prevent this type of planning.

### **Mutual Fund Redemptions**

- Mutual funds are able to allocate funds to its unit holders and tax a deduction for the amount allocated. It generally allocates income and capital gains based on the proportion earned by a unit. This flexibility has allowed mutual funds to allocate capital gains to specific units therefore resulting in a recharacterization of the income type of the income earned by a unit.
- Budget 2019 proposes to disallow parts of deductions the mutual fund may take based on the capital that otherwise would have been incurred by the unit holder.



### **Business Activities in a TSFA**

- Where business activities occur inside a TSFA, the TSFA must pay tax on the income. Currently only a trustee is liable to pay tax. This may result in situations where a TSFA operates a business and the holder withdraws all the funds prior to paying the tax liability. The trustee would be liable for the tax.
- Budget 2019 proposes to make the TSFA holder jointly and severally liable for the tax.

### **CRA Requests for Information – Financial Institutions**

- CRA is currently required to make demands for information to financial institutions by registered mail. These rules have been changed to allow for electronic requests. No additional request making powers have been added.

## **BUSINESS INCOME TAX MEASURES**

### **Support of Canadian Journalism**

- Budget 2019 introduces three new initiatives to help Canadian journalism: qualified donee status, refundable labour credit, personal tax credit for digital subscriptions.
  - Qualified donee status: allows certain journalism organizations to register as qualified donees. This allows them to issue donation receipts for charitable donations:
    - There are not EHT implications because EHT only provides relief to registered charities, but not qualified donees, such as municipalities.
  - Refundable labour tax credit: certain journalism organizations will be provided a refundable tax credit on the salaries and wages to eligible newsroom employees. This credit is 25% of salaries and wages up to a maximum credit of \$13,750 per employee or \$55,000 in salaries.
  - Personal tax credit for digital subscriptions: A new refundable credit may be claimed for the 2020-2024 taxation years. The credit is 15% of eligible digital news subscription costs up to a maximum of \$500 or \$75 in credits.

### **Zero-Emission Vehicle CCA classes**

- Currently, zero-emission vehicles (ZEV) are considered automobiles; therefore, tax deductions based on capital cost allowance (CCA) classes are similar to other vehicles.
- Budget 2019 proposes an enhanced tax treatment for ZEV:
  - The first year allowance is 100% write-off for 2019-2023, 75% first year allowance for 2024-25 and 55% first year allowance for 2026-2027. These enhancements are greater than the enhancements for motor fuel vehicles but the phase-out of the first year allowance is the same.
  - Normally, only \$30,000 of a passenger vehicle cost may be used for CCA. For a ZEV passenger vehicle, the amount may be up to \$55,000.

### **Small Business Deduction – Farming and Fishing**

- Certain rules pertaining to “specified corporate income” disqualified that income for being eligible for the small business deduction. Budget 2019 proposes to remove that restriction for farming and fishing businesses.



### **Scientific Research and Experimental Development Enhancements**

- Tax credits are provided to entities that engage in scientific research and experimental development (SRED). The tax credit is reduced based on prior year taxable income and prior year taxable capital.
- Budget 2019 proposes to remove the prior year taxable income reduction
- Revenue implications:
- The revenue implication is positive because the tax credit is included into income in the year after claiming the credit, therefore increasing the taxable income for subsequent years.

### **Canadian-Belgian Film/Video Tax Credit**

- Budget 2019 proposes to allow Canadian-Belgian co-productions to qualify for the Canadian Film or Video Production Tax Credit.

### **Income Recharacterizations**

- Certain tax planning using derivative contracts results in recharacterizing certain business income into capital gains. This results in a loss of tax base. Budget 2019 proposes to limit the use of this type of planning.

## **OTHER TAX MEASURES**

### **Transfer Pricing**

- Where there are cases of taxation related to transfer pricing, Budget 2019 clarifies the ordering of provisions when applying tax.
- Budget 2019 aligns the reassessment period for the purposes of transactions between the taxpayer and non-arms length entities.

### **GST/HST Health Measures**

- Budget 2019 proposes to remove the change the following to exempt or zero-rated goods:
  - Human embryo and in-vitro embryo
  - Foot care devices prescribed by podiatrist
  - Health care services provided jointly by multiple health care specialists

### **Cannabis Taxation**

- A new class of cannabis product is being created to include edibles, extracts and oils, and topicals to be taxed at a rate based on the amount of THC. This change is to ease the administration and tracking of quality of these products.

## HIGHLIGHTS

### Documents

- In addition to the main budget plan, titled “Investing in the Middle Class”, the budget speech, and short backgrounders on a variety of issues such as the Canadian Training Benefit, housing, and pharmacare, there are two larger companion documents:
  - Investing in Young Canadians (27 pages): budget measures as they relate to youth; and
  - Gender Report (160 pages): gender-based analysis of budget measures.

### Economic and Fiscal Outlook

- Budget 2019 forecasts deficits of \$14.9 billion in 2018/19 and \$19.8 billion in 2019/20 (the latter figure includes a contingency reserve of \$3.0 billion). The federal government has committed to ensure that Debt to GDP declines (it is forecast to drop from 30.8% in 2018/19 to 28.6% in 2023/24) but it has not set a target date for returning to balance.
  - Economic and fiscal developments since the 2018 Fall Economic Statement (FES) have improved the fiscal outlook by \$3.7 to \$4.8 billion per year over the next five years and Budget 2019 more or less matches those improvements with offsetting “investments”, leaving the overall budgetary balances largely unchanged.
  - In the budget speech, Minister Morneau appears to balance growing the economy with reducing deficits: “And we’re going to make these investments to grow our economy for the long term – while we bring the books back towards balance.”

#### Federal Fiscal Balance and Debt to GDP Ratio

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Fiscal Balance (\$B)	-14.9	-19.8	-19.7	-14.8	-12.1	-9.8
Debt to GDP Ratio (%)	30.8	30.7	30.5	30.0	29.3	28.6

### Major Federal Transfers and National Pharmacare

- Budget 2009 announces that the federal government will create a new national drug agency (including \$35 million over four years for a “transition office”) and up to \$500 million per year starting in 2022/23 targeting high-cost drugs for rare diseases.
- No changes have been announced in regard to major federal transfers.

### Key BC Priorities

- The budget includes a package of measures intended to help first-time home buyers, boost supply in the housing and rental markets, and increase fairness.
- The budget provides \$1 billion in 2018/19 to improve energy efficiency of residential, commercial and multi-unit buildings, including \$300 million related to affordable housing developments.
- The budget provides \$1.4 billion over seven years (including an initial \$938 million in 2018–19) to forgive all outstanding comprehensive claim negotiation loans and to reimburse Indigenous governments that have already repaid these loans (page 129).

### Other Major Expenditure Announcements

- Making Student Loans More Affordable: \$1.700B budgeted over five years, starting in 2019/20, for changes to the Canada Student Loan Program, including lower interest rates and a new interest free grace period.
- Changes to Guaranteed Income Supplement (GIS): \$1.759B is budgeted over five years, starting in 2019/20, to extend eligibility for the earnings exemption to self-employment income and provide a full or partial exemption on up to \$15,000 of annual employment and self-employment income for each GIS or Allowance recipient as well as their spouse.
- Services for First Nations Children: \$1.212B over three years, starting in 2019/20, for services for First Nations children.

### Major Revenue/Tax Initiatives

- The major implications for BC in the federal budget is the Canada Training Credit. Although it will not impact BC revenues, it will provide British Columbians resources to focus on future training and upgrading skills.
- The enhancement for Zero emission vehicles will make the tax treatment of ZEV more attractive than for traditional motor fuel vehicles.
- The increase to the Home Buyers Plan amount from \$25,000 to \$35,000 will make it more affordable for families to get into the market.

## 1. ECONOMIC OUTLOOK

- Budget 2019 is based on a forecast of national real GDP growth of 1.8% in 2019 and 1.6% in 2020; Budget 2018 had forecast growth rates of 1.6% and 1.7%, respectively.
- According to Table A2.1 on pages 279-80, the average of private sector forecasts indicates modest growth over the next five years. The forecast for Real GDP is somewhat stronger than the national forecast in BC's Budget. National employment is forecast to be higher than the BC Budget forecast for unemployment in the province.

### Average of Private Sector Forecasts, with Comparisons from BC's 2019 Budget

	2018	2019	2020	2021	2022	2023	2018-23 Average
<b>Real GDP Growth (%)</b>	<b>1.9</b>	<b>1.8</b>	<b>1.6</b>	<b>1.7</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>
<i>National - BC Budget</i>	2.0	1.6	1.6	1.6	1.6	1.6	
<i>BC Only - BC Budget</i>	2.2	2.4	2.3	2.1	2.0	2.0	
<b>Nominal GDP Growth (%)</b>	<b>3.8</b>	<b>3.4</b>	<b>3.5</b>	<b>3.7</b>	<b>3.9</b>	<b>4.0</b>	<b>3.7</b>
<i>BC Only - BC Budget</i>	4.6	4.4	4.3	4.0	3.9	3.9	
<b>Nominal GDP (\$B)</b>	<b>2,223</b>	<b>2,298</b>	<b>2,379</b>	<b>2,467</b>	<b>2,564</b>	<b>2,667</b>	
<b>GDP Inflation (%)</b>	<b>1.9</b>	<b>1.6</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>1.9</b>
<i>BC Only - BC Budget</i>	2.3	4.4	4.3	4.0	3.9	3.9	
<b>CPI Inflation (%)</b>	<b>2.3</b>	<b>1.9</b>	<b>2.0</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<i>National - BC Budget</i>	2.3	2.2	2.1	2.0	2.0	2.0	
<i>BC Only - BC Budget</i>	2.7	2.2	2.1	2.0	2.0	2.0	
<b>Unemployment Rate (%)</b>	<b>5.8</b>	<b>5.7</b>	<b>5.9</b>	<b>6.0</b>	<b>6.0</b>	<b>5.9</b>	<b>5.9</b>
<i>BC Only - BC Budget</i>	4.7	4.9	5.1	5.3	5.5	5.5	

- According to Table A2.15 on page 321, a one-year, one percentage point decrease in Real GDP growth would have the following impacts:

	Year 1	Year 2	Year 5
Federal Revenue	-4.2	-3.9	-4.5
Federal Expenses	0.7	0.9	0.6
Budgetary Balance	-4.9	-4.9	-5.1

- According to the Budget Plan (pages 258-268):
  - Global economic expansion is moderating;
  - Global growth concerns contributed to increased market volatility at the end of 2018;
  - Canada's economy remains strong but a focus on middle class growth remains essential;
  - Household spending has cooled and housing markets are more balanced;
  - The fundamentals remain supportive of business investment;
  - Export growth continues to be led by energy and services; and
  - Lower global oil prices are dampening growth.

## 2. FISCAL OUTLOOK

- Budget 2019 forecasts deficits of \$14.9 billion in 2018/19 and \$19.8 billion in 2019/20 (note: these amounts are after adjustments for risk). The fiscal plan does not specify a date for returning to surplus.

### Federal Deficit Project After Adjustments for Risk (\$ billions)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Budget 2019	-14.9	-19.8	-19.7	-14.8	-12.1	-9.8
Fall Update 2018	-18.1	-19.6	-18.1	-15.1	-12.6	-11.4

- Based on Table A2.2 on page 281 of the Budget, the fiscal balances for 2018/19 and 2019/20 have been impacted by economic and fiscal developments and 2017 Budget measures:
  - Economic and fiscal developments since the 2018 Fall Update have improved the federal fiscal outlook by \$5.9 billion in 2018/19 and \$4.8 billion in 2019/20 (see Table A2.3 on page 282 for details);
  - Measures taken since the Fall Update are estimated to have a net cost of \$1.4 billion in 2018/19 and \$1.1 billion in 2019/20;
  - Budget 2019 measures are forecast to have a net cost of \$4.2 billion in 2018/19 and \$4.0 billion in 2019/20; and
  - Adjustment for risk (contingency amounts) in Budget 2019 increases the federal deficit by \$3.0 billion in 2019/20, which is unchanged from the amounts used in the Fall Update. The adjustment for risk for 2018/19 is eliminated, thereby lowering the deficit by \$3.0 billion.

### Changes to Fiscal Outlook Since Fall Update (\$ billions)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
<b>Fall Update Reported Fiscal Balance</b>	<b>-18.1</b>	<b>-19.6</b>	<b>-18.1</b>	<b>-15.1</b>	<b>-12.6</b>	<b>-11.4</b>
Fall Update Adjustment for Risk	3.0	3.0	3.0	3.0	3.0	3.0
<b>Fall Update Underlying Balance<sup>1</sup></b>	<b>-15.1</b>	<b>-16.6</b>	<b>-15.1</b>	<b>-12.1</b>	<b>-9.6</b>	<b>-8.4</b>
Economic & Fiscal Developments	5.9	4.8	4.7	3.7	4.1	4.6
Measures Taken Since Fall Update	-1.4	-1.0	-0.6	-0.6	-0.2	-0.2
<b>Status Quo Underlying Balance</b>	<b>-10.7</b>	<b>-12.8</b>	<b>-11.0</b>	<b>-9.1</b>	<b>-5.7</b>	<b>-4.0</b>
Budget 2019 Measures	-4.2	-4.0	-5.7	-2.7	-3.4	-2.8
<b>Underlying Balance After Measures</b>	<b>-14.9</b>	<b>-16.8</b>	<b>-16.7</b>	<b>-11.8</b>	<b>-9.1</b>	<b>-6.8</b>
Risk Adjustment		3.0	3.0	3.0	3.0	3.0
<b>Budget 2019 Reported Fiscal Balance</b>	<b>-14.9</b>	<b>-19.8</b>	<b>-19.7</b>	<b>-14.8</b>	<b>-12.1</b>	<b>-9.8</b>

<sup>1</sup> Underlying Balance is the fiscal balance without adjustment for risk.

- Table 1 on page 18 groups of all expenditure and revenue measures in Budget 2019 into five categories:



**Fiscal Impact of Measures in Budget 2018 (\$ billions)**

	2018/19	2019/20	2020/21	2020/21	2022/23	2023/24
Investing in People	0.0	-0.6	-1.3	-1.8	-2.3	-2.4
Building a Better Canada	-3.2	-0.3	-0.8	-0.8	-0.6	-0.4
Advancing Reconciliation	-0.9	-0.7	-1.0	-1.0	-0.6	-0.6
Delivering Real Change	-0.1	-1.7	-1.6	-0.8	-0.5	-0.6
Other Budget 2019 investments	0.0	-0.7	-0.9	1.6	0.6	1.2
Total investments in Budget 2019	-4.2	-4.0	-5.7	-2.7	-3.4	-2.8

- Revenue in 2019/20 is budgeted to increase by \$6.6 billion (2.0%), after growing by \$21.0 billion (6.7%) in 2018/19 (see Table 3.2 on page 285 for details).
  - Personal Income Tax is budgeted to increase by \$7.6 billion (4.7%) in 2019/20 after growing by \$9.2 billion (6.0%) in 2018/19.
  - Corporate Income Tax is budgeted to decline by \$5.7 billion (11.0%) in 2019/20 after growing by \$4.2 billion (8.8%) in 2018/19.
- Spending in 2019/20 is budgeted to increase by \$5.9 billion (1.8%), after growing by \$15.2 billion (4.9%) in 2018/19 (see Table 3.3 on page 289 for details). Elderly Benefits showed the largest increase in 219/20, growing by \$2.9 billion (5.4%).
- Federal net debt (total liabilities less financial assets) is estimated to be \$793.7 billion in 2019/20, compared to \$757.8 billion announced in Budget 2018.
- Federal debt (net debt less non-financial assets) is estimated to be \$705.4 billion in 2019/20, compared to \$687.1 billion in Budget 2018.
  - As a share of GDP, federal debt is projected to decline from 30.7% in 2019/20 to 28.6% in 2023/24; Budget 2018 had projected federal debt would fall from 29.8% in 2019/20 to 28.4% in 2022/23.

**Federal Debt**

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Federal Net Debt (\$ billion)	771.2	793.7	816.0	833.6	847.8	859.1
Federal Debt (\$ billion)	685.6	705.4	725.1	739.8	751.9	761.7
Debt as a Share of GDP (%)	30.8	30.7	30.5	30.0	29.3	28.6

### 3. MAJOR FEDERAL TRANSFERS

- As expected, Budget 2019 does not announce any design changes to the Canada Health Transfer, the Canada Social Transfer, Equalization, or Territorial Formula Financing.

### 4. NATIONAL PHARMACARE

- The interim report of the Advisory Council on Implementation of National Pharmacare was released earlier this month. While there were no specific funding recommendations in the interim report, the announcements in Budget 2009 are generally consistent with that document's recommendations:
  - A proposal to work with provinces, territories, and stakeholders to create a new Canadian Drug Agency to assess the effectiveness of new drugs, negotiate drug prices on behalf of Canada's drug plans, and recommend which drugs represent the best value for money and in cooperation with provinces, territories and other partners identify which drugs could form the basis of a future national formulary;
  - Provide to Health Canada \$35 million over four years starting in 2019/20 to establish a Canadian Drug Agency Transition Office; and
  - Work with provinces, territories, and stakeholders to establish a national strategy for high cost drugs for rare diseases and provide up to \$1.0 billion over 2022/23 and 2023/24, with up to \$500 million per year ongoing, to help Canadians with rare diseases access needed drugs; no such funding is allocated for 2019/20, 2020/21, or 2021/22.
- As the table below shows, the federal financial commitment over the near term (\$25 million over three years) is quite small. By comparison, on January 1, 2019, BC increased the funding to its Fair PharmaCare program by \$105 million over the next three years (providing direct assistance to BC families with incomes up to \$45,000, reducing deductibles and copayments) and Budget 2019 provided an additional \$42 million over three years to support the expansion of the formulary and improve coverage under PharmaCare.
- A final report of the Advisory Council is not expected until June 2019; it is likely that the federal Liberal platform for the 2019 general election will commit to more substantial investments in a national pharmacare program based on that report.

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
Introducing the Canadian Drug Agency	0	5	10	10	10	0	35
Making High-Cost Drugs for Rare Diseases More Accessible	0	0	0	0	500	500	1,000
<b>Total</b>	<b>0</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>510</b>	<b>500</b>	<b>1,035</b>

**5. KEY BC PRIORITIES**

- Budget measures relevant to B.C.'s specific federal engagement priorities include the following:

<b>BC Priority</b>	<b>Key Details</b>
<b>Housing</b> Pages 22-33, 71	<p>The budget includes a package of measures intended to help first-time home buyers, boost supply in the housing and rental markets, and increase fairness. Measures include:</p> <ul style="list-style-type: none"> <li>• \$10 billion over nine years in low-cost loans to expand and extend the 2017 Rental Construction Financing Initiative (RCFI);</li> <li>• \$1.25 billion over three years for first-time home buyers through a new means-tested, repayable First-Time Home Buyer Incentive;</li> <li>• an increase from \$25,000 to \$35,000 in the maximum RRSP withdrawal under the Home Buyers' Plan; in addition, individuals will be able to access the Home Buyers' Plan following breakdown of a marriage or common-law partnership;</li> <li>• \$300 million over five years starting in 2020/21 for a "Housing Supply Challenge" for innovative solutions to address housing supply barriers.</li> </ul> <p>Note that in the case of repayable incentive programs the allocations in the table above reflect only the amounts expensed for interest payments in each year.</p>
<b>Energy Efficient Homes and Buildings</b> Page 84	<p>The budget includes \$1 billion in 2018/19 to improve energy efficiency of residential, commercial and multi-unit buildings. The funding, to be delivered by the Federation of Canadian Municipalities through the Green Municipal Fund, includes:</p> <ul style="list-style-type: none"> <li>• \$300 million to improve energy efficiency in new and existing affordable housing developments and to support on-site energy generation;</li> <li>• \$350 million for municipalities and non-profit community organizations to retrofit and improve the energy efficiency of large community buildings and for community pilot and demonstration projects;</li> <li>• \$300 million for municipal initiatives to support home energy efficiency retrofits.</li> </ul>
<b>Opioids</b> Pages 155-156, 208	<p>The budget includes a small package of new measures, worth \$31 million over five years, to address gaps in harm reduction and treatment related to the opioid crisis. The funding is intended to expand access to a safe supply of prescription opioids; and to support better access to opioid overdose response training and Naloxone in underserved communities.</p>
<b>Electrification of the Natural Gas Sector</b>	<p>There are no substantive new initiatives directly relevant to B.C.'s objective of gas field electrification.</p> <p>A brief passage on page 85 refers to the importance of electrical connectivity infrastructure, to the First Ministers' recent discussion of clean energy corridors, and to the possibility that the Canada Infrastructure Bank may provide financing for electrical infrastructure.</p>
<b>Cultural Infrastructure</b>	<p>There are no new initiatives specifically relevant to provincial cultural infrastructure investments. However, municipal cultural infrastructure is a category of funding eligible for the one-time \$2.2 billion top-up of the Gas Tax Fund (page 80).</p>

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**Other B.C.-Relevant Initiatives**

Other initiatives that may be of particular interest from B.C.'s perspective include:

- \$1.4 billion over seven years (including an initial \$938 million in 2018–19) to forgive all outstanding comprehensive claim negotiation loans and to reimburse Indigenous governments that have already repaid these loans (page 129);
  - \$259 million over five years starting in 2019/20 to improve on-reserve emergency response (pages 141-142);
  - \$196 million over five years in new funding starting in 2020/21, plus \$97 million over five years from existing resources of the National Research Council, for the TRIUMF laboratory in Vancouver (page 123);
  - \$161 million over five years starting in 2019/20, plus legislative changes, to strengthen Canada's anti-money laundering and anti-terrorist financing regime (pages 198-200);
  - \$103 million over five years starting in 2019/20 to strengthen Indigenous governance tools (pages 130-132);
  - \$100 million over three years starting in 2019/20 to increase Western Economic Diversification Canada's programming (page 113);
  - \$46 million over three years starting in 2019/20 for the Canadian Coast Guard, Transport Canada and Environment and Climate Change Canada to improve marine environmental response planning;
  - \$13 million in 2019/20 for Natural Resources Canada to maintain its capacity to conduct consultations with Indigenous communities on major energy projects and to support Indigenous participation in the natural resource sector (page 145).
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## 6. OTHER EXPENDITURE ANNOUNCEMENTS

- Beyond those covered in the BC Priorities, Budget 2019 includes a number of other program measures, including:

<b>Making Canada Student Loans More Affordable</b> Pages 44-45	<ul style="list-style-type: none"> <li>\$1.700B over five years, starting in 2019/20:</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
		\$0	\$224M	\$345M	\$361M	\$377M	\$392M	\$1.700B
	<ul style="list-style-type: none"> <li>\$1.700B is budgeted for the following changes:</li> </ul>							
	<u>Lower Interest Rates</u>							
	<ul style="list-style-type: none"> <li>Lowering the floating interest rate from prime plus 2.5% to prime starting in 2019/20 and</li> <li>Lowering the fixed interest rate from price plus 5% to prime plus 2% starting in 2019/20.</li> </ul>							
	<u>New Interest Free Grace Period</u>							
	<ul style="list-style-type: none"> <li><i>Budget 2019</i> proposes to amend the <i>Canada Student Financial Assistance Act</i>, so that student loans will not accumulate any interest during the six-month non-repayment period (the “grace period”) after a student loan borrower leaves school.</li> </ul>							
<b>Supporting Indigenous Post-Secondary Education</b> Pages 48-49	<ul style="list-style-type: none"> <li>\$540M over five years, starting in 2019/20:</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
		\$0	\$82M	\$99M	\$119M	\$119M	\$121M	\$540M
	<ul style="list-style-type: none"> <li>Funding is for three initiatives:                             <ol style="list-style-type: none"> <li>\$327.5 million over five years to renew and expand funding for the Post-Secondary Student Support Program while the Government engages with First Nations on the development of long-term First Nations-led post-secondary education models</li> <li>\$125.5 million over ten years, and \$21.8 million per year ongoing for an Inuit post-secondary education strategy.</li> <li>\$362.0 million over ten years, and \$40.0 million per year ongoing for a Métis Nation-led post-secondary education strategy consisting of financial assistance for Métis Nations students.</li> </ol> </li> </ul>							
<b>Expanding the Student Work Placement Program</b> Pages 54-55	<ul style="list-style-type: none"> <li>\$631 million over five years, starting in 2019/20:</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
		\$0	\$76M	\$113M	\$148M	\$148M	\$148M	\$631M
	<ul style="list-style-type: none"> <li>Funding is to support up to 20,000 new work placements per year for post-secondary students across Canada, in all disciplines, by 2021–22.</li> </ul>							

**Improving the Economic Security of Low-Income Seniors**  
Pages 63-65

- \$1.759B over five years, starting in 2019/20:
- | <u>2018/19</u> | <u>2019/20</u> | <u>2020/21</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2023/24</u> | <u>Total</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| \$0            | \$0            | \$346M         | \$466M         | \$471M         | \$476M         | \$1.759B     |
- *Budget 2019* proposes to introduce legislation that would enhance the GIS earnings exemption beginning with the July 2020 to July 2021 benefit year. The enhancement would:
    - Extend eligibility for the earnings exemption to self-employment income.
    - Provide a full or partial exemption on up to \$15,000 of annual employment and self-employment income for each GIS or Allowance recipient as well as their spouse, specifically by:
      - Increasing the amount of the full exemption from \$3,500 to \$5,000 per year for each GIS or Allowance recipient as well as their spouse; and
      - Introducing a partial exemption of 50 per cent, to apply to up to \$10,000 of annual employment and self-employment income beyond the initial \$5,000 for each GIS or Allowance recipient as well as their spouse..
  - The estimated cost of these measures is \$1.76 billion over the 2020/21-2023/24 period.

**New Infrastructure Funding for Local Communities Through a Municipal Top-Up**  
Page 80

- *Budget 2019* includes a transfer of \$2.2 billion in 2018/19 through the federal Gas Tax Fund to address short-term priorities in municipalities and First Nation communities.
- As a result, BC's 2018/19 allocation of \$278.6M doubles to \$557.2M.
- No changes to program parameters.

**Making Zero-Emission Vehicles More Affordable**  
Pages 81-82

- \$435 million over five years, starting in 2019/20:
- | <u>2018/19</u> | <u>2019/20</u> | <u>2020/21</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2023/24</u> | <u>Total</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| \$0            | \$82M          | \$119M         | \$159M         | \$38M          | \$37M          | \$435M       |
- Funding is for two initiatives:
    - \$130 million over five years, starting in 2019–20, to Natural Resources Canada, to expand the network of zero-emission vehicle charging and refuelling stations in workplaces, public parking spots, commercial and multi-unit residential buildings, and remote locations.
    - \$300 million over three years, starting in 2019–20, to Transport Canada to introduce a new federal purchase incentive of up to \$5,000 for electric battery or hydrogen fuel cell vehicles with a manufacturer's suggested retail price of less than \$45,000. Program details to follow.

**Investing in Connect to Innovate and Launching the New Universal Broadband Fund**  
Page 97

- \$ 1.7 billion over 13 years, starting in 2019/20:
- | <u>2018/19</u> | <u>2019/20</u> | <u>2020/21</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2023/24</u> | <u>Total</u> |
|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| \$0            | \$26M          | \$162M         | \$220M         | \$216M         | \$92M          | \$717M       |
- *Budget 2019* includes up to \$1.7 billion over 13 years, starting in 2019–20, to establish a new national high-speed internet program, the **Universal Broadband Fund**. The Fund would build on the success of the Connect to Innovate program, and would focus on extending “backbone” infrastructure to underserved communities (“backbone” is the central channel used to transfer internet traffic at high speed—the internet equivalent of a major roadway or railway spur).
  - Linkage to BC *Budget 2019* investment of \$50 million to expand high-speed internet service to more than 200 communities.

**Helping Canada’s Forest Sector Innovate and Grow**  
Pages 111-12

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
• \$251M over three years, starting in 2020/21:	\$0	\$0	\$84M	\$84M	\$84M	-\$1M*	\$251M

Funding is for four Natural Resource Canada programs:

1. Up to \$91.8 million over three years for the **Forest Innovation Program**, to support pre-commercial research and development, positioning the Canadian forest sector at the forefront of the emerging bioeconomy.
2. Up to \$82.9 million over three years for the **Investments in Forest Industry Transformation** program, to support the industrial commercialization and adoption of innovative technologies and processes, contributing to clean economic growth and jobs.
3. Up to \$64.0 million over three years for the **Expanding Market Opportunities Program**, to increase and diversify market opportunities for Canadian forest products in offshore markets, and expand wood use in non-residential and mid-rise construction, including within Canada.
4. Up to \$12.6 million over three years for the **Indigenous Forestry Initiative**, to support forest-based economic development for Indigenous communities across Canada.

\* less funds sourced from existing departmental resources.

**Launching a Federal Strategy on Jobs and Tourism**  
Pages 113-14

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
• \$100 million over four years, starting in 2019/20:	\$0	\$24M	\$39M	\$0M	\$0	\$0	\$63M

- *Budget 2019* includes \$58.5 million over two years, starting in 2019–20, to the Regional Development Agencies for the creation of a Canadian Experiences Fund.
- The Fund would support Canadian businesses and organizations seeking to create, improve or expand tourism-related infrastructure—such as accommodations or local attractions—or new tourism products.

**SIF - Supporting Innovation in the Oil and Gas Sector Through Collaboration**  
Pages 114-15

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>
• \$100 million over four years, starting in 2019/20:	\$0	\$10M	\$30M	\$30M	\$30M	\$0M	\$100M

- *Budget 2019* provides an additional \$100 million over four years, starting in 2019/20, for the Strategic Innovation Fund, leveraging private sector co-investments, in order to support the activities of the Clean Resource Innovation Network (CRIN).
- The CRIN is a consortium made up of companies of all sizes, innovators, not-for-profits, and academic institutions.

<p><b>Support for Science, Research and Technology Organizations</b> Pages 121-22</p>	<ul style="list-style-type: none"> <li>• <i>Budget 2019</i> includes funding for six research and technology organizations, some of which have previously received funding from BC:             <ol style="list-style-type: none"> <li>1. \$18 million over three years, starting in 2019/20, for <b>The Stem Cell Network</b> - a national not-for-profit organization that helps translate stem cell research into clinical applications and commercial products.</li> <li>2. \$40 million over two years, starting in 2020/21, for the <b>Brain Canada Foundation</b> - a national charitable organization that raises funds to foster advances in neuroscience discovery research, with the aim of improving health care for people affected by neurological injury and disease.</li> <li>3. \$150 million over five years, starting in 2019/20, for the <b>Terry Fox Research Institute</b> to help establish a national Marathon of Hope Cancer Centres Network.</li> <li>4. \$10 million over five years beginning in 2019/20, for <b>Ovarian Cancer Canada</b> to help address existing gaps in knowledge about effective prevention, screening, and treatment options for ovarian cancer.</li> <li>5. \$100.5 million over five years, starting in 2020/21 for <b>Genome Canada</b> to launch new large-scale research competitions and projects, in collaboration with external partners</li> <li>6. \$10 million over two years, starting in 2020/21 to <b>Let's Talk Science</b> to engage youth in STEM activities.</li> </ol> </li> </ul>														
<p><b>National Council for Reconciliation</b> Page 134</p>	<ul style="list-style-type: none"> <li>• <i>Budget 2019</i> includes one-time funding of \$126.5 million in 2020/21 to establish a National Council for Reconciliation and endow it with initial operating capital. The Council will involve all Canadians in creating a better understanding of reconciliation, and will serve as a permanent reminder of the importance of reconciliation and the Calls to Action.</li> </ul>														
<p><b>Continuing Implementation of Jordan's Principle</b> Page 136</p>	<ul style="list-style-type: none"> <li>• \$1.212B over three years, starting in 2019/20:             <table border="1" data-bbox="521 1104 1414 1178"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$404M</td> <td>\$404M</td> <td>\$404M</td> <td>\$0</td> <td>\$0</td> <td>\$1.212B</td> </tr> </tbody> </table> </li> <li>• Funding is to ensure that First Nations children continue to have access to the services that they need (Jordan's Principle).</li> <li>• The Budget notes that Canada and First Nations will continue to work together to develop a long-term approach to improving services for First Nations children.</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$404M	\$404M	\$404M	\$0	\$0	\$1.212B
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$404M	\$404M	\$404M	\$0	\$0	\$1.212B									
<p><b>Preserving, Promoting and Revitalizing Indigenous Languages</b> Pages 137-138</p>	<ul style="list-style-type: none"> <li>• \$334 million over five years, starting in 2019/20:             <table border="1" data-bbox="521 1371 1414 1444"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$15M</td> <td>\$44M</td> <td>\$72M</td> <td>\$87M</td> <td>\$116M</td> <td>\$334M</td> </tr> </tbody> </table> </li> <li>• Funding is for indigenous language preservation, promotion and revitalization projects.</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$15M	\$44M	\$72M	\$87M	\$116M	\$334M
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$15M	\$44M	\$72M	\$87M	\$116M	\$334M									
<p><b>On Track to Eliminate Boil Water Advisories on Reserve</b> Pages 139-140</p>	<ul style="list-style-type: none"> <li>• \$739M over five years, starting in 2019/20:             <table border="1" data-bbox="521 1566 1414 1640"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$67M</td> <td>\$149M</td> <td>\$164M</td> <td>\$174M</td> <td>\$185M</td> <td>\$739M</td> </tr> </tbody> </table> </li> <li>• Funding is to support ongoing efforts to eliminate and prevent long-term drinking water advisories.</li> </ul>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$67M	\$149M	\$164M	\$174M	\$185M	\$739M
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$67M	\$149M	\$164M	\$174M	\$185M	\$739M									



2019 Federal Budget – Analysis from Budget Lockup

<b>Improving Emergency Response On Reserve</b> Page 141	<ul style="list-style-type: none"> <li>\$259M over five years, starting in 2019/20:</li> </ul> <table border="1"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$33M</td> <td>\$50M</td> <td>\$58M</td> <td>\$57M</td> <td>\$61M</td> <td>\$259M</td> </tr> </tbody> </table>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$33M	\$50M	\$58M	\$57M	\$61M	\$259M
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$33M	\$50M	\$58M	\$57M	\$61M	\$259M									
	<ul style="list-style-type: none"> <li>The \$259M is designated for two streams of work:                             <ul style="list-style-type: none"> <li>\$211.0 million over five years, starting in 2019/20, to support increased resiliency and emergency management and</li> <li>\$48.0 million over four years, starting in 2020/21, to renew funding for infrastructure projects on-reserve that will protect communities from climate-related hazards.</li> </ul> </li> </ul>														
<b>Advancing Gender Equality</b> Pages 169-170	<ul style="list-style-type: none"> <li>\$160M over five years, starting in 2019/20:</li> </ul> <table border="1"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$10M</td> <td>\$10M</td> <td>\$20M</td> <td>\$40M</td> <td>\$80M</td> <td>\$160M</td> </tr> </tbody> </table>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$10M	\$10M	\$20M	\$40M	\$80M	\$160M
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$10M	\$10M	\$20M	\$40M	\$80M	\$160M									
	<ul style="list-style-type: none"> <li>Funding is for the Department for Women and Gender Equality. No details are provided on how the incremental funding will be used.A</li> <li>A gender statement: equality pages 211-256.</li> <li>See separate Gender Report.</li> </ul>														
<b>Strengthening the Royal Canadian Mounted Police</b> Page 183	<ul style="list-style-type: none"> <li>\$509M over five years, starting in 2019/20:</li> </ul> <table border="1"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$96M</td> <td>\$112M</td> <td>\$100M</td> <td>\$100M</td> <td>\$100M</td> <td>\$509M</td> </tr> </tbody> </table>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$96M	\$112M	\$100M	\$100M	\$100M	\$509M
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$96M	\$112M	\$100M	\$100M	\$100M	\$509M									
	<ul style="list-style-type: none"> <li>Funding is designated for four streams of work:                             <ol style="list-style-type: none"> <li>77.3 million over five years and \$13.5 million ongoing for enhanced law enforcement at the border;</li> <li>\$68.9 million over five years and \$20 million ongoing for enhanced federal policing capacity, including to fight money laundering;</li> <li>\$11.5 million over three years to support transportation security; and</li> <li>\$5.7 million over five years and \$1.2 million ongoing to protect national economic security.</li> </ol> </li> </ul>														
<b>Enhancing the Integrity of Canada's Borders and Asylum System</b> Pages 184	<ul style="list-style-type: none"> <li>\$1.176B over five years, starting in 2019/20:</li> </ul> <table border="1"> <thead> <tr> <th><u>2018/19</u></th> <th><u>2019/20</u></th> <th><u>2020/21</u></th> <th><u>2021/22</u></th> <th><u>2022/23</u></th> <th><u>2023/24</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>\$0</td> <td>\$362M</td> <td>\$460M</td> <td>\$225M</td> <td>\$65M</td> <td>\$60M</td> <td>\$1.176B</td> </tr> </tbody> </table>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>	\$0	\$362M	\$460M	\$225M	\$65M	\$60M	\$1.176B
<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>Total</u>									
\$0	\$362M	\$460M	\$225M	\$65M	\$60M	\$1.176B									
	<ul style="list-style-type: none"> <li>Funding is to support implementation of the <i>Border Enforcement Strategy</i>, and to process 50,000 asylum claims per year, as well as to facilitate removal of failed asylum claimants in a timely manner.</li> <li><i>Budget 2019</i> notes that Canada plans to introduce legislative amendments to the <i>Immigration and Refugee Protection Act</i> to better manage, discourage and prevent irregular migration.</li> </ul>														

## 7. REVENUE/TAX MEASURES

- The tax measures announced in the budget will cost about \$3 million in 2018/19 and -\$2 million in 2019/20. The majority of this recovery is due to the mutual fund changes.
- The majority of the changes do not have direct impacts on the taxable income for the purposes of calculating BC income tax.

### PERSONAL INCOME TAX MEASURES

#### Canada Training Credit Introduced

- The new Canada Training Credit provides a refundable credit to Canadians between the ages of 25 and 64 for the cost of professional development. This credit may be used towards the cost of eligible tuition and fees but preclude that tuition and fees from being eligible from the tuition tax credit.
  - The individual accrues a pool of refundable credits at a rate of \$250 per year starting 2019 or age 25, have taxable income within the first three tax brackets (2019 – below \$147,667), and have earned income of at least \$10,000.
  - A refundable credit may be claimed on the tax return at a rate of 50% of eligible tuition and fees.
  - Remaining pool amounts are carried forward until the individual reaches the age of 65.
- Revenue implications: \$nil over fiscal plan

#### Home Buyers Plan Enhanced

- The Home Buyers Plan (HBP) allows for an individual to withdraw up to \$25,000 from his/her RRSP in order to purchase their first home and repaying that amount over 15 years. Coupled individuals may each withdraw \$25,000. There are two enhancements to the HBP in Budget 2019: the increase in the withdrawal amount from \$25,000 to \$35,000 and allowing access to the HBP after marriage breakdown.
  - The withdrawal limit is increased from \$25,000 to \$35,000. Couples may withdraw up to \$70,000. The new limit is applicable for withdrawals made after March 19, 2019.
  - Where marriage breakdown occurs, individuals would generally not be able to access the HBP because they may have jointly owned a principal residence before the breakdown. Budget 2019 provides relief to those individuals in allowing them access to the HBP if they are living separate and apart.

#### Change in use of multi-unit residential buildings

- Change in use occurs when a piece of property changes from personal use to income-generating use such as beginning to rent out a second home in the SVT area. Where a change in use of a residential building occurs, a taxpayer may elect to defer the realized gains on the property. However, the election may only occur if the change in use impacted the entire property. For example, the election may not be used for a new basement suite while the upstairs is still owner occupied.
- For duplexes and other multi-unit residential buildings, this criteria automatically disqualified these types of buildings from an election to defer the gain. Budget 2019 allows these types

of buildings to qualify even where other units are not changed from personal to income-generating use.

### **Permitting additional types of annuities for registered plans**

- Certain annuities may be purchased by a registered plan. For example, an individual may use his/her RRSP funds to purchase certain annuities as part of his/her retirement plan.
- For 2020 and subsequent years, the types of annuities allowed to be purchased by a registered plan are expanded to include Advanced Life Deferred Annuities and Variable Payment Life Annuities.

### **Registered Disability Savings Plan Changes**

- A registered disability savings plan (RDSP) allows for a family to save to help a disabled family member. Where the disabled individual is no longer qualifies for the disability tax credit, the RDSP is required to be wound up.
- Budget 2019 provides relief to remove the time limit on when the RDSP must be wound up.

### **Kinship Care Programs**

- Many provinces have programs where family member care for children in care. Budget 2019 clarifies the tax treatment of these foster families:
  - These parents may qualify for the Canada Workers Benefit family amount regardless of if they receive support from a care program.
  - Any income test benefits received as financial assistance is not included in taxable income nor is it included in net income for the purpose of benefits calculations.

### **Donations of Cultural Property**

- Budget 2019 proposes to provide an enhanced tax credit to the donation of property that has “outstanding significance” to Canadian history

### **Medical Expense Tax Credit – Medical Marijuana**

- Previously, only medical marijuana was eligible for the medical expense tax credit. Given that marijuana is more available, Budget 2019 proposes to allow any marijuana purchased for medical purposes to qualify for the medical expense tax credit.

### **Pension Plan changes**

- Generally, pension plans may only allow contributions for employees who are under 71. Certain specified multi-employer run pension plans did not have these restrictions. These rules have been changed to restrict contributions to employees who are under 71.
- Certain planning was taking place to circumvent rules on the transfer limits of funds from a defined benefits plan to an individual pension plan. These rules have been changed to prevent this type of planning.

### **Mutual Fund Redemptions**

- Mutual funds are able to allocate funds to its unit holders and tax a deduction for the amount allocated. It generally allocates income and capital gains based on the proportion earned by

a unit. This flexibility has allowed mutual funds to allocate capital gains to specific units therefore resulting in a recharacterization of the income type of the income earned by a unit.

- Budget 2019 proposes to disallow parts of deductions the mutual fund may take based on the capital that otherwise would have been incurred by the unit holder.

### **Business Activities in a TSFA**

- Where business activities occur inside a TSFA, the TSFA must pay tax on the income. Currently only a trustee is liable to pay tax. This may result in situations where a TSFA operates a business and the holder withdraws all the funds prior to paying the tax liability. The trustee would be liable for the tax.
- Budget 2019 proposes to make the TSFA holder jointly and severally liable for the tax.

### **CRA Requests for Information – Financial Institutions**

- CRA is currently required to make demands for information to financial institutions by registered mail. These rules have been changed to allow for electronic requests. No additional request making powers have been added.

## **BUSINESS INCOME TAX MEASURES**

### **Support of Canadian Journalism**

- Budget 2019 introduces three new initiatives to help Canadian journalism: qualified donee status, refundable labour credit, personal tax credit for digital subscriptions.
  - Qualified donee status: allows certain journalism organizations to register as qualified donees. This allows them to issue donations receipts for charitable donations:
    - There are not EHT implications because EHT only provides relief to registered charities, but not qualified donees, such as municipalities.
  - Refundable labour tax credit: certain journalism organizations will be provided a refundable tax credit on the salaries and wages to eligible newsroom employees. This credit is 25% of salaries and wages up to a maximum credit of \$13,750 per employee or \$55,000 in salaries.
  - Personal tax credit for digital subscriptions: A new refundable credit may be claimed for the 2020-2024 taxation years. The credit is 15% of eligible digital news subscription costs up to a maximum of \$500 or \$75 in credits.

### **Zero-Emission Vehicle CCA classes**

- Currently, zero-emission vehicles (ZEV) are considered automobiles; therefore, tax deductions based on capital cost allowance (CCA) classes are similar to other vehicles.
- Budget 2019 proposes an enhanced tax treatment for ZEV:
  - The first year allowance is 100% write-off for 2019-2023, 75% first year allowance for 2024-25 and 55% first year allowance for 2026-2027. These enhancements are greater than the enhancements for motor fuel vehicles but the phase-out of the first year allowance is the same.
  - Normally, only \$30,000 of a passenger vehicle cost may be used for CCA. For a ZEV passenger vehicle, the amount may be up to \$55,000.

### **Small Business Deduction – Farming and Fishing**

- Certain rules pertaining to “specified corporate income” disqualified that income for being eligible for the small business deduction. Budget 2019 proposes to remove that restriction for farming and fishing businesses.

### **Scientific Research and Experimental Development Enhancements**

- Tax credits are provided to entities that engage in scientific research and experimental development (SRED). The tax credit is reduced based on prior year taxable income and prior year taxable capital.
- Budget 2019 proposes to remove the prior year taxable income reduction
- Revenue implications:
- The revenue implication is positive because the tax credit is included into income in the year after claiming the credit, therefore increasing the taxable income for subsequent years.

### **Canadian-Belgian Film/Video Tax Credit**

- Budget 2019 proposes to allow Canadian-Belgian co-productions to qualify for the Canadian Film or Video Production Tax Credit.

### **Income Recharacterizations**

- Certain tax planning using derivative contracts results in recharacterizing certain business income into capital gains. This results in a loss of tax base. Budget 2019 proposes to limit the use of this type of planning.

## **OTHER TAX MEASURES**

### **Transfer Pricing**

- Where there are cases of taxation related to transfer pricing, Budget 2019 clarifies the ordering of provisions when applying tax.
- Budget 2019 aligns the reassessment period for the purposes of transactions between the taxpayer and non-arms length entities.

### **GST/HST Health Measures**

- Budget 2019 proposes to remove the change the following to exempt or zero-rated goods:
  - Human embryo and in-vitro embryo
  - Foot care devices prescribed by podiatrist
  - Health care services provided jointly by multiple health care specialists

### **Cannabis Taxation**

- A new class of cannabis product is being created to include edibles, extracts and oils, and topicals to be taxed at a rate based on the amount of THC. This change is to ease the administration and tracking of quality of these products.



**BRIEFING NOTE FOR DECISION**

**Date:** March 20, 2019  
**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing  
**Title:** Northern Capital and Planning Grant Payment (NCPG) Approval  
**Issue:** s.13

**RECOMMENDED OPTION:**

- **OPTION 1:** s.13  
s.13

**BACKGROUND:**

Throughout 2017 and 2018 staff from the Ministry of Finance (MoF) and the Ministry of Municipal Affairs and Housing (MAH) met with representatives from the Northwest Resource Benefits Alliance (RBA) regarding a possible regional grant for Northern BC.

Over that period, the RBA produced several studies and business cases promoting their rationale for a regional funding arrangement. Based on these documents and the ongoing discussions with the RBA, the Deputy Minister of Finance (who served as project lead) asked MAH staff to explore a possible regional funding program.

Based on this direction, MAH designed a local capital and planning program for 26 of the local governments throughout North Central and Northwest BC, called the Northern Capital and Planning Grant (NCPG). The Deputy Minister of Finance supported the general direction of the proposed program. Based on this support, MAH designed a plan to provide both the appropriation and legal authority to run this program.

s.12; s.13; s.17

s.13

On March 11, 2019, the Lieutenant Governor in Council ordered and approved OIC 117 (BC Reg 51/2019), which amends the Local Government Grants Regulation to include the specifics for the NCPG program. Under S.33(2) of the amendment, the Minister of Municipal Affairs and Housing has the discretion to set the grant amounts to each eligible local government.



This decision briefing note requests payment amounts to each eligible local government under the NCPG program in accordance with the recommended allocation formula] s.13; s.17  
s.13; s.17accordance with the terms and conditions set out OIC 117 (BC Reg 51/2019).

**DISCUSSION:**

s.13; s.17



**FINANCIAL IMPLICATIONS:**

s.12; s.13; s.17





Ministry of  
Municipal Affairs  
and Housing

CLIFF #244833  
(X-REF. #244814, #243557 & #244213)

s.12; s.13; s.17



Ministry of  
Municipal Affairs  
and Housing

**RECOMMENDATION:**

s.13

- 

**APPROVED (Option 1) / NOT APPROVED**

Honourable Selina Robinson

March 20, 2019

Date

**Appendix:**

s.13

**PREPARED BY:**

Sean Grant, Director  
Local Government Finance  
(778) 698-3241

**APPROVED BY:**

Tara Faganello, ADM  
Local Government

Kathryn Krishna, Deputy Minister

**DATE APPROVED:**

March 15, 2019

March 20, 2019

Page 075 of 163 to/à Page 078 of 163

Withheld pursuant to/removed as

s.13; s.17



**BRIEFING NOTE FOR INFORMATION**

**Date:** March 27, 2019  
**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing (MAH)  
**Title:** Housing Needs Reports Program  
**Issue:** Update on \$5M Housing Needs Reports Program design and delivery.

**SUMMARY:**

- **Budget 2018 provided \$5 million over three years for a funding program to assist local governments to meet the new legislated requirement to develop housing needs reports.**
- **Union of British Columbia Municipalities (UBCM) will administer and deliver the Housing Needs Report Program on behalf of the Province.**
- **UBCM and MAH staff have collaborated on program design and a program guide (Attachment 1).**
- **MAH proposes to finalize work with UBCM on a program launch to coincide with the legislation coming into force, in spring 2019.**
- **MAH will be developing a communications plan for the minister’s review, in collaboration with Government Communication and Public Engagement (GCPE) and UBCM.**

**BACKGROUND:**

The *Local Government Statutes (Housing Needs Reports) Amendment Act* (Act) received Royal Assent on May 17, 2018. It amends the *Local Government Act* and *Vancouver Charter* to require local governments, at least every five years, to collect information and prepare and publish online, a report showing current and projected housing needs.

In support of the new requirement Budget 2018 provided \$5 million (M) over three years (\$2 M in year 1, \$1.5 M in year 2, and \$1.5 M in year 3) to assist local governments to develop housing needs reports. This commitment responds to consultation feedback from local governments and UBCM which underlined the importance of funding support, particularly in smaller communities with limited financial resources, capacity or experience in assessing housing needs. UBCM has agreed to administer and deliver this program.

**DISCUSSION:**

MAH has worked closely with UBCM to design the Housing Needs Report Program (program). The first round of funding is planned for spring 2019, to coincide with the legislation coming into force through regulation. s.13

As described below, the proposed program guide (guide) establishes eligible applicants, projects, and costs, as well as grant maximums, application requirements, application review process, and reporting requirements. The guide is based on standard language and format used in all UBCM funding programs (Attachment 1).



### ***Eligibility***

All local governments in BC and the Islands Trust will be eligible for funding, with preference given to those who have not recently completed a housing needs report. Local governments will be encouraged to collaborate with local partners, including First Nations.

### ***Funding***

Funding maximums for municipalities, Regional District (RD) electoral areas and local trust areas are proposed to be scaled based on population (Table 1). Funding maximums were informed by a review of costs incurred by local governments who have recently completed housing reports.

**Table 1: Funding Maximums**

<b>Population</b>	<b>Funding Maximum</b>
Under 5,000	\$15,000
5,000 to 14,999	\$20,000
15,000 to 49,999	\$30,000
50,000 to 99,999	\$50,000
100,000 or greater	\$70,000

Where projects address multiple planning areas (e.g. RD undertaking a report for its electoral areas) maximum allowable funding would be based on the cumulative sum that would otherwise be available for each participating planning area, up to a maximum of \$150,000.

s.13

s.13

### ***Review Process***

Consistent with other programs, the review of applications is proposed to be undertaken by a joint Provincial-UBCM Evaluation Committee. The Committee will include UBCM and MAH staff from the Planning and Land Use Management and Housing Policy branches. All eligible applications will be reviewed and scored based on factors including: lack of a recent housing needs report; community engagement and collaboration with other local governments, First Nations, non-profit organizations, vulnerable populations and developers; capacity building for local government staff; and cost effectiveness.

### ***Timelines and Next Steps***

Subject to the Minister's approval, MAH proposes to finalize work with UBCM on the program launch to coincide with the legislation coming into force (expected spring 2019). In advance of this, MAH will prepare a communications plan, with GCPE and UBCM, to ensure local governments are aware of program application criteria and dates. This work will also be integrated into broader communications on the requirements of the regulations, following their adoption.



**Related Work**

Regulations: As detailed in a recent information briefing note, MAH staff have developed a proposed policy approach to the Housing Needs Reports Regulations and are proceeding with drafting. Regulations are anticipated to go forward for consideration in April 2019.

Data Availability: It is anticipated that by spring 2019, all of the data that local governments would be required to collect will be packaged and made available for download at no charge.

Guidance: Work is underway to develop guidance material for local governments to assist them in meeting the requirements of the legislation. It is anticipated that the guidance material will be available soon after the legislation takes effect, around the time the program is launched.

**FINANCIAL IMPLICATIONS:**

- None

**Attachment:**

1. Housing Needs Reports Program – 2019 Program & Application Guide

**PREPARED BY:**

Molly Johnson, Senior Planning Analyst,  
Planning and Land Use Management (PLUM) Branch  
(778) 698-1430

**APPROVED BY:**

Tara Faganello, Assistant Deputy Minister  
Local Government Division

Kathryn Krishna, Deputy Minister

**DATE APPROVED:**

March 25, 2019

March 27, 2019

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DUPLICATE





**BRIEFING NOTE FOR INFORMATION**

**Date:** April 1, 2019  
**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing  
**Title:** UEL s.13; s.16; s.17  
**Issue:** s.13; s.16; s.17

**SUMMARY:** s.13; s.16; s.17

**BACKGROUND:** s.13; s.16; s.17



**DISCUSSION:**

s.13; s.16; s.17

**FINANCIAL IMPLICATIONS:**

s.13; s.16; s.17

**Attachments:**

s.13; s.16; s.17

**PREPARED BY:**

Rena Bindra, Senior Policy Analyst  
LG Policy, Research and Legislation  
778-698-3466

**APPROVED BY:**

Tara Faganello, ADM  
Local Government Division

Kathryn Krishna, Deputy Minister

**DATE APPROVED:**

March 29, 2019

March 31, 2019



**ATTACHMENT 1:**

s.13; s.16; s.17

**PURPOSE**

The University Endowment Lands (UEL) is unique as the only urban area in B.C. directly administered by the Province. This traditional territory of the Musqueam First Nation and once small urban residential community is changing rapidly and facing population growth, development projects, infrastructure needs, and other pressures. As well, there are multiple interests in the UEL community, including residents, the Musqueam First Nation, other governments such as Metro Vancouver Regional District, neighbours such as City of Vancouver and University of British Columbia, and various service providers including different provincial agencies.

s.13; s.16; s.17



Ministry of  
Municipal Affairs  
and Housing

CLIFF #244955  
(X-REF. #243418/243306)

s.13; s.16; s.17

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Withheld pursuant to/removed as

s.13; s.16; s.17

### Appendix 3 - UEL !

s.13; s.16; s.17

s.13; s.16; s.17

#### *[need for change]*

- The UEL is unlike any other place in BC – because of its unique history, it is the only urban area in BC not run by a local government – it is run by the Province.

s.13; s.16; s.17

#### *[community frustrations]*

- Lack of local representation in service delivery and structure means many day-to-day issues that continue to frustrate some UEL residents.
- I hear your concerns as does MLA Eby about issues such as parking enforcement or hedge heights.
- And even more than these day-to-day issues, it is important for members of any community to be heard and feel that their concerns are dealt with.

- The UEL Administration does the best job it can

s.13; s.16; s.17

s.13; s.16; s.17

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Withheld pursuant to/removed as

s.13; s.16; s.17



## BRIEFING NOTE FOR INFORMATION

**Date:** March 25, 2019

**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing

**Title:** High-Speed Internet Service

**Issue:** The attached Order in Council contains the proposed definition for “high-speed internet service”, which is required to ensure that the proposed authority for regional districts to provide capital financing for high-speed internet service set out in the *Municipal Affairs and Housing Statutes Amendment Act, 2019* works as intended.

### SUMMARY:

- **Seeking Cabinet approval of the attached Order in Council (OIC) which establishes a new regulation under the *Local Government Act (LGA)* to define “high-speed internet service”.**
- **The *Municipal Affairs and Housing Statutes Amendment Act, 2019 (Act)* received Third Reading on March 7, 2019, and adds an authority to the LGA to allow regional districts (RDs) to provide capital financing to a business for the purpose of expanding high-speed internet services to underserved areas (e.g. rural and remote communities).**
- **The Act provides that “high-speed internet service” will be defined by regulation to ensure flexibility for Government to change the definition to respond to evolving standards in the future (if needed).**
- **Royal Assent of the Act is required to provide legal authority to establish the definition of “high-speed internet service” by regulation.**
- **The Act will come into force prior to approval of this OIC prescribing the definition of “high-speed internet service”; this will not have practical impacts on implementation, given time and process requirements for RDs to obtain the necessary approvals to provide capital financing for high-speed internet services (e.g. the requirement to obtain elector approval).**

### BACKGROUND:

The *Municipal Affairs and Housing Statutes Amendment Act, 2019* adds an authority to the LGA to allow RDs to provide capital financing to a business for the purpose of expanding high-speed internet services to underserved areas (i.e. rural and remote communities).

The amendments to the LGA also provide that the definition of “high-speed internet service” will be prescribed by regulation. This will ensure that Government has the flexibility to change the definition to respond to evolving standards in the future.

### DISCUSSION:

The proposed definition for “high-speed internet service” contained in this OIC will align with the minimum standards of service set out by the Canadian Radio-Television and Telecommunications Commission (CRTC) for “high-speed” internet access.





These standards of service are based on minimum speeds for downloading and uploading information from the internet. The CRTC has indicated that “high-speed” internet access should meet minimum speeds of 50 megabits per second when downloading information from the internet and 10 megabits per second when uploading information to the internet.

The CRTC determined that these speeds are the minimum required for Canadians to take part in the “digital economy” and the “digital society” (e.g. online education programs, government services, and telecommuting). Network BC – which administers funding programs for communities to bring “high-speed internet” to rural and remote areas in BC – also uses the CRTC’s standards of service for defining “high-speed internet” for their funding programs.

*Consultation:*

Staff from the Ministry of Municipal Affairs and Housing (MAH) consulted with staff from the Union of BC Municipalities on the proposed definition of “high-speed internet service” and no concerns were raised.

MAH staff also consulted with staff from Network BC, who are supportive of the approach taken for the definition.

*Timing Considerations:*

The *Municipal Affairs and Housing Statutes Amendment Act, 2019* received Third Reading on March 7, 2019; it is necessary to ensure that the Act receives Royal Assent prior to Cabinet considering this OIC to ensure the necessary authority in the LGA is in effect.

s.12; s.13

s.12; s.13

This sequencing should not impact the implementation of the new authority given the process steps that RDs are required to go through to provide capital financing for high-speed internet services. However, to ensure that this new authority functions as intended, this OIC should be considered and, if approved, deposited as soon as possible.

**FINANCIAL IMPLICATIONS:**

- None

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**APPROVED BY:**

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Kathryn Krishna, Deputy Minister

**DATE APPROVED:**

March 20, 2019

March 25, 2019



## BRIEFING NOTE FOR MEETING

**Date:** March 25, 2019

**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing

**Title:** Local Government Role in Tourism

**Issue:** Local governments have an important role in the tourism economy. Provincial collaboration can create increased opportunities for communities to benefit from tourism.

**Meeting With:** Honourable Lisa Beare, Minister of Tourism, Arts and Culture on March 28, 2019.

### SUMMARY:

- **Ministers of Municipal Affairs and Housing (MAH) and Tourism, Arts and Culture (MTAC) are meeting to discuss the role of local governments in tourism.**
- **Collaboration between the Ministries can improve tourism outcomes for communities.**

### BACKGROUND:

Local governments have broad powers to use the tools and strategies to support tourism that best fit community needs and priorities. Local governments can enhance the well-being of their communities and regions through a variety of approaches, programs and services for supporting tourism.

MTAC's new Strategic Framework for Tourism in B.C. emphasizes developing tourism sustainably to deliver community benefits.

Destination BC is a Provincial Crown Corporation that is the province's tourism marketing organization. It plays a critical role in maximizing long-term industry growth by providing a unifying and consistent brand and marketing strategy for the province. The Destination Development planning process conducted by Destination BC under MTAC's direction has completed local area plans for 18 of 20 areas in B.C. The planning process has resulted in the development of a situation analysis, asset inventory and 10-year destination development strategy for each area. Local governments have been key participants and have identified that infrastructure and amenity improvement are required to tap the full potential of tourism locally.

Many local governments have sought support for tourism from the ministries at the Union of BC Municipalities Convention. The main need expressed is for infrastructure and amenities that support the well-being of communities and strengthen the tourism economy.

UBCM's Community Economic Development Committee works on behalf of UBCM members to improve regional economic development opportunities for local governments. It represents and acts as an advocate for communities on economic development issues by connecting communities to emerging economic development opportunities (e.g. value-added, tourism, technology sectors, arts, culture and heritage).

### *Services*

Local governments can create economic development policies and services to support local businesses and tourist attractions. In some regions local governments have collaborated with local businesses and neighbouring communities to create economic development commissions to foster and connect businesses that support tourism. For example, the Regional District of Central Okanagan's economic development commission has an agri-tourism business planning program that assists agri-tourism operators.



Local governments also manage other services or undertake activities that can foster and support tourism – for example providing funding to community organizations that support arts and culture.

### ***Infrastructure and Amenities***

Local governments provide basic infrastructure essential for tourism (e.g. roads, water, sewer).

Local governments also provide additional infrastructure and amenities that underpin the tourism economy (e.g. recreation centres, trails, campgrounds, museums).

### ***Resort Associations***

Local governments can assist resort development by approving the establishment of a resort association within their boundaries. Resort associations are local organizations specifically authorized by legislation to impose fees on property owners for resort promotion.

Resort areas with amenities such as ski hills, hot springs, lakefronts and wineries or ocean shorelines can benefit from the promotional services and activities provided by a resort association.

The three existing resort associations in B.C. have been established in connection to ski hills - Whistler, Sun Peaks, and Red Mountain – and MAH is currently reviewing an application for a resort association to be created at Silver Star Mountain Resort.

### ***Municipal Business Promotion***

Municipalities can implement programs, policies and services that support tourism in their communities. For example, municipalities can establish business improvement areas in which business owners can join together to finance marketing, promotional and revitalization programs through a municipal grant and local service property tax scheme. Municipalities can also assist businesses in relation to heritage conservation for specific types of properties for purposes such as acquiring, conserving or developing a heritage property.

Municipalities also have specific property tax exemption authorities including tax exemptions under partnering agreements and heritage conservation tax exemptions that may assist in supporting tourism. For example, the City of Trail's downtown revitalization tax exemption program is focusing on transforming the downtown area into an urban destination with a mix of businesses, restaurants, mixed-use residential development and pedestrian-oriented areas and gathering places for residents and tourists.

### ***Sponsored Crown Grants and Nominal Rent Tenures***

Local governments can apply to use crown land for environmental, social and economic purposes. Sponsored Crown Grants are transfers of Crown land to local governments for minimal transfer costs. Nominal Rent Tenures (NRTs) are leases and licences of occupation provided to local governments for a token amount. For example, the Regional District of Okanagan-Similkameen has applied to the Province for a NRT for the Kaleden Lakeshore to prevent further development of the land along the lakeshore and to support tourism visits to the South Okanagan.

### ***Partnerships with First Nations***

Local governments can partner with First Nations to boost their local tourism economies. The Community to Community (C2C) program, administered by the Union of BC Municipalities, is an avenue for local governments and First Nations to develop closer working relationships.



A 2016 C2C forum between the City of Penticton and the Penticton Indian Band led to a signed agreement to collaborate on tourism and economic development.

### ***Land Use Planning***

Official Community Plans (OCPs) and Regional Growth Strategies (RGS) are planning tools that local governments can use to create the conditions for tourism success such as defining areas where zoning will allow or encourage tourism developments. For example, dramatic economic change in the Squamish-Lillooet Regional District (SLRD) has seen primary resource extraction and manufacturing decline and be replaced by tourism and recreation. A driving policy tool is the SLRD's RGS that encourages the tourist economy (agri-tourism, adventure tourism, outdoor recreation).

### ***Provincial Grants and Funding***

MAH's Community, Culture, and Recreation Program assists communities seeking funding for tourism infrastructure. The intake for this program closed in January 2019 and the next intake has not yet been determined.

MAH's Infrastructure Planning Grant program offers grants to support local governments in projects related to the development of sustainable community infrastructure. The program is open for applications year-round and has regular processing deadlines.

MAH's Rural and Northern Communities program targets capital infrastructure projects in communities with a population of 25,000 or less and provides additional funding towards projects in communities with populations of 5,000 or less. The intake for this program closed in January 2019 and the next intake has not yet been determined.

The Community Works Fund stream of the Gas Tax Fund, administered by UBCM, gives money for capital infrastructure projects, including tourism infrastructure such as visitor centres, exhibition halls and convention centres.

Small, tourism-based communities benefit from MTAC's Resort Municipality Initiative (RMI) program that targets infrastructure development. The program assists in the development of the tourism sector by providing resort orientated municipalities (e.g. City of Fernie, District of Tofino) with support and funding to improve their local infrastructure and amenities to increase visitor overnight stays and experiences.

The Municipal and Regional District Tax (MRDT) is a consumer tax collected at accommodations in municipalities and regional districts that supports the financing and operations of incremental tourist-related facilities as well as ongoing funding of tourism marketing and associated programs. In 2018, funding for housing for tourism employees was added as a permissible use of MRDT funds to help address local housing needs. The MRDT is jointly administered by the Ministry of Finance, the Ministry of Jobs, Tourism and Skills Training, and Destination British Columbia.

### **DISCUSSION:**

Tourism is a place-based industry that is dependent on the services, planning and amenities and infrastructure provided by local governments.

In response to changing economic factors, local governments have been placing increasing priority on tourism as a vehicle for community and economic development.

MAH and MTAC can work together to ensure tourism delivers increasing benefits to communities.



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MAH's new Community, Culture, and Recreation Program supports the need for tourism infrastructure that local governments have been asking for. MAH staff provided information sessions to Tourism Branch staff on the program, and Tourism staff are referring local governments to the program.

s.13

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**APPROVED BY:**

Nicola Marotz (for Tara Faganello, ADM)  
Local Government Division

Kathryn Krishna, Deputy Minister

**DATE APPROVED:**

March 21, 2019

March 25, 2019



## BRIEFING NOTE FOR INFORMATION

**Date:** March 9, 2019  
**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing  
**Title:** Panatch Group - Tall Wood Early Adoption Initiative  
**Issue:** Encapsulated Mass Timber  
**Meeting With:** Kush Panatch, President, Panatch Group on March 11, 2019

### SUMMARY:

- **The next National Building Code (2020) will include a new construction type known as Encapsulated Mass Timber Construction for certain types of buildings. Using this construction type will allow wood buildings up to 12 storeys in height.**
- **Engineered mass timber refers to wood products that are made up of multiple layers of wood and laminated together to create a product that resembles solid wood, while encapsulation refers to mass timber that has been surrounded by a fire-resistive material.**
- **The Province will create a Jurisdiction Specific Regulation based on national standards so qualified local governments and Treaty First Nations that voluntarily opt in could approve tall wood buildings prior to enabling them province-wide via the BC Building Code in 2022.**
- **Both the Fire Chiefs Association of BC and BC Professional Fire Fighters Association have been consulted. Sign-off by local fire officials is required as a condition of participating in the early adoption initiative.**
- **The Premier and the Minister are planning to announce this initiative at the Structurlam Mass Timber Facility in Okanagan Falls on March 13, 2019.**

### BACKGROUND:

The next National Building Code (2020) will include a new construction type known as Encapsulated Mass Timber Construction for certain types of wood buildings up to 12 storeys in height. (See Attachment 1.) The 2020 National Building Code will be adopted by British Columbia in 2022.

Engineered mass timber refers to wood products that are made up of multiple layers of wood and laminated together to create a product that resembles solid wood, while encapsulation refers to mass timber that has been surrounded by a fire-resistive material.

Several jurisdictions have expressed interest in tall wood buildings. Currently, a Site Specific Regulation is required and it must be reviewed by the Province, similar to the UBC Tall Wood Project (Brock Commons student residence) that opened in 2017.

The Office of Housing and Construction Standards (OHCS) is proposing a new Jurisdiction Specific Regulation that will allow interested local governments and Treaty First Nations, who meet specified eligibility criteria, to build tall mass timber buildings, three years before the rest of the Province.

The regulatory approach will be to create a single regulation which would permit an unlimited number of buildings to be constructed within jurisdictions who opt to be named in the regulation. Creating one Jurisdiction Specific Regulation that can be used by several jurisdictions will bring save time and provide



for a consistent standard. The Province has authorization to use sections of the Draft 2020 National Building and Fire Codes relating to Encapsulated Mass Timber Construction in the Jurisdiction Specific Regulation.

#### **DISCUSSION:**

Minister and Premier are planning to make an announcement at the Structurlam Mass Timber facility in Okanagan Falls on March 13, 2019.

Following the announcement, a Request for Expressions of Interest will be sent to all local governments and Treaty First Nations. An information package with further details will be sent to all parties who respond. OHCS will host webinars for interested jurisdictions wanting to learn more about the initiative.

To be eligible, a council resolution in support of the initiative will be required and the fire, planning, and building departments must approve participation. Other requirements include employing or contracting a Building Official with Level 3 Certification from the Building Officials Association of BC and land use bylaws that support buildings greater than six storeys in height.

A letter explaining the early adoption initiative will be sent to key industry stakeholders.

The risk of a tall wood building catching fire while under construction is a concern raised by fire officials. Revisions to the 2020 National Fire Code specifically address those concerns and will be adopted as part of the Jurisdiction Specific Regulation. The National Research Council which develops the Codes has a Standing Committee on Fire Protection, which includes fire services representatives, has approved the 2020 Codes.

A fact sheet is being prepared for fire officials outlining the new provisions such as on-site water supply for firefighting, disposal of combustible refuse and progressive encapsulation to limit the amount of wood left unprotected during the construction phase.

Discussions with the Fire Chiefs' Association of BC and BC Professional Fire Fighter's Association are ongoing. Both associations have indicated their initial support for the initiative and have reserved the opportunity to comment further once they have review the technical standards.

The early adoption initiative will allow the Province to gain valuable feedback that can be used to make any necessary improvements to the Encapsulated Mass Timber Construction provisions prior to the roll-out of the next BC Building Code.

#### **FINANCIAL IMPLICATIONS:**

- None

#### **Attachment:**

1. Building Occupancy Table

#### **PREPARED BY:**

Lori Roter, Senior Policy Analyst  
Building and Safety Standards Branch  
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#### **APPROVED BY:**

Greg Steves, Assistant Deputy Minister  
Office of Housing and Construction Standards

Kaye Krishna, Deputy Minister

#### **DATE APPROVED:**

March 8, 2019

*Greg Steves OBO*

March 8, 2019



**ATTACHMENT 1: Building Occupancy Table**

**Re: Early Adoption Initiative for Tall Wood Mass Timber Construction**

**Tall Wood Permissions - Major Classification:**

Residential (Group C)	Commercial (Group D)
<ul style="list-style-type: none"> <li>• Apartment</li> <li>• Boarding Houses</li> <li>• Clubs (residential)</li> <li>• Colleges (residential)</li> <li>• Convents</li> <li>• Dormitories</li> <li>• Hotels</li> <li>• Houses</li> <li>• Lodging houses</li> <li>• Monasteries</li> <li>• Motels</li> <li>• Schools (residential)</li> </ul>	<ul style="list-style-type: none"> <li>• Banks</li> <li>• Barber/Hairdresser</li> <li>• Beauty Parlours</li> <li>• Dental Offices</li> <li>• Dry cleaners (self-service no flammable/explosive solvents/cleaners)</li> <li>• Laundries (self-service)</li> <li>• Medical Offices</li> <li>• Police Stations (without detention centres)</li> <li>• Radio Stations</li> <li>• Small Tool and Appliance Rental/service establishments</li> </ul>

**Examples of other occupancies permitted on designated floors of the building:**

Assembly Areas	Public Areas	Industrial (med.hazard)	Industrial (low hazard)
<ul style="list-style-type: none"> <li>• Art Gallery/Museum</li> <li>• Place of worship</li> <li>• Daycare</li> <li>• Library/Auditorium</li> <li>• Restaurant</li> </ul>	<ul style="list-style-type: none"> <li>• Department store</li> <li>• Markets</li> <li>• Grocery Store</li> </ul>	<ul style="list-style-type: none"> <li>• Factory/Workshop</li> <li>• Salesrooms</li> <li>• Warehouse/TV Studios</li> </ul>	<ul style="list-style-type: none"> <li>• Laboratories</li> <li>• Salesroom</li> <li>• Workshop/Factory</li> <li>• Warehouse</li> </ul>





## BRIEFING NOTE FOR INFORMATION

**Date:** March 7, 2019  
**Prepared For:** Honourable John Horgan, Premier  
**Title:** Tall Wood Early Adoption Initiative  
**Issue:** Encapsulated Mass Timber  
**Briefing:** March 11, 2019

### SUMMARY:

- **The next National Building Code (2020) is targeted to include a new construction type known as Encapsulated Mass Timber Construction. Using this construction type will allow wood buildings up to 12 storeys in height.**
- **Engineered mass timber refers to wood products that are made up of multiple layers of wood and laminated together to create a product that resembles solid wood, while encapsulation refers to mass timber that has been surrounded by a fire-resistive material.**
- **The Province will create a Jurisdiction Specific Regulation based on the national standards so qualified local governments and Treaty First Nations that voluntarily opt in could approve tall wood buildings prior to enabling them province-wide via the British Columbia Building Code.**
- **Both the Fire Chiefs Association of BC and BC Professional Fire Fighters Association have been consulted. Sign-off by local fire officials is required as a condition of participating in the early adoption initiative.**
- **The Premier and the Minister are planning to announce this initiative at the Structurlam Mass Timber Facility in Okanagan Falls on March 13, 2019.**

### BACKGROUND:

The next National Building Code (2020) will include a new construction type known as Encapsulated Mass Timber Construction to allow wood buildings up to 12 storeys in height. The 2020 National Building Code will be adopted by British Columbia in 2022.

Engineered mass timber refers to wood products which are made up of multiple layers of wood and laminated together to create a product that resembles solid wood, while encapsulation refers to mass timber that has been surrounded by a fire-resistive material.

Several jurisdictions have expressed interest in tall wood buildings. Currently, a Site-Specific Regulation is required to construct a tall wood building and it must be reviewed by the Province, similar to the UBC Tall Wood Project (Brock Commons student residence) that opened in 2017.

The Office of Housing and Construction Standards (OHCS) is proposing a new Jurisdiction Specific Regulation that will allow interested local governments and Treaty First Nations, who meet specified eligibility criteria, to build tall mass timber buildings, three years before the rest of the Province.

The new regulatory approach will be the creation of a single regulation which would permit an unlimited number of buildings to be constructed within jurisdictions that are named in the regulation.



Creating one Jurisdiction Specific Regulation that can be used by several jurisdictions will save time and ensure a consistent standard. The Province has authorization to use sections of the Draft 2020 National Building and Fire Codes relating to Encapsulated Mass Timber Construction in the Jurisdiction Specific Regulation.

#### **DISCUSSION:**

Minister and Premier are planning to make an announcement at the Structurlam Mass Timber facility in Okanagan Falls on March 13, 2019.

Following the announcement, a Request for Expressions of Interest will be sent to all local governments and Treaty First Nations. An information package with more details will be sent to all interested parties who respond and OHCS will host webinars for interested jurisdictions to learn more about the initiative and regulatory process.

To be eligible, a council resolution in support of the initiative will be required and the fire, planning, and building departments must approve participation. Other requirements include employing or contracting a Building Official with Level 3 Certification from the Building Officials Association of BC and having land use bylaws that support buildings greater than six storeys in height.

A letter explaining the early adoption initiative will be sent to key industry stakeholders.

The risk of a tall wood building catching fire while under construction is a concern raised by fire officials. Revisions to the 2020 National Fire Code specifically address those concerns and will be adopted as part of the Jurisdiction Specific Regulation. The National Research Council which develops the Codes has a Standing Committee on Fire Protection, which includes fire services representatives, has approved the 2020 Codes.

A fact sheet is being prepared for fire officials outlining the new provisions such as on-site water supply for firefighting, disposal of combustible refuse and progressive encapsulation to limit the amount of wood left unprotected during the construction phase.

Discussions with the Fire Chiefs' Association of BC and BC Professional Fire Fighter's Association are ongoing. Both associations have indicated their initial support for the initiative and have reserved the opportunity to comment further once they have review the technical standards.

The early adoption initiative will allow the Province to gain valuable feedback that can be used to make any necessary improvements to the Encapsulated Mass Timber Construction provisions prior to the roll-out of the next BC Building Code.

#### **FINANCIAL IMPLICATIONS:**

- None



Ministry of  
Municipal Affairs  
and Housing

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**APPROVED BY:**

Greg Steves, Assistant Deputy Minister  
Office of Housing and Construction Standards

Kathryn Krishna, Deputy Minister

**DATE APPROVED:**

March 7, 2019

March 7, 2019

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## BRIEFING NOTE FOR INFORMATION

**Date:** April 2, 2019  
**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing  
**Title:** Bilateral Action Plan – BC Housing and Canadian Mortgage and Housing Corporation  
**Issue:** Status of Bilateral Action Plan

### SUMMARY:

- **In accordance with the Canadian Mortgage and Housing Corporation--British Columbia Bilateral Agreement (the Agreement) under the 2017 National Housing Strategy, BC Housing is developing a 3-year Action Plan for fiscal years 2019/20 to 2021/22.**
- **Funding under the Agreement will become available once there is final concurrence on the Action Plan by BC Housing and Canadian Mortgage and Housing Corporation (CMHC). The Action Plan will be a public document and will require regular, public reporting.**
- **The first iteration of the Bilateral Action Plan was drafted by BC Housing and sent to CMHC, with copy to the Ministry of Municipal Affairs and Housing, on December 31, 2018. CMHC reviewed this draft and confirmed that it meets the main elements required by the Agreement.**

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### BACKGROUND:

In June 2018, the Governments of Canada and British Columbia signed the CMHC-British Columbia Bilateral Agreement under the 2017 National Housing Strategy to protect, renew and expand social and community housing.

This agreement will invest more than \$990 million in housing in British Columbia over ten-years.

Over the first 3 years, from April 1, 2019 to March 31, 2022, the total investment will be \$217.2 million, which includes \$108.6 million in provincial matching contributions.

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BC Housing is able to meet its provincial matching contributions using provincial funding announced under *Budget 2018* for Building BC initiatives.

In accordance with the Agreement, BC Housing has committed to develop and publish a 3-year Action Plan for the fiscal years 2019/20 to 2021/22.

The Action Plan aligns with the principles and outcomes set out in the Agreement including the Federal Provincial-Territorial Housing Partnership Framework and outlines how BC Housing will use CMHC Funding and Cost-Matched Funding under the Agreement towards achieving outcomes, including targets and expected results.



## DISCUSSION:

Under the Agreement, joint funding is committed to the following two initiatives:

1. BC Priorities Housing Initiative
2. Canada Community Housing Initiative

The objectives for these two initiatives are set out in the Funding Principles of the Agreement (paragraph 6). In summary, both initiatives look to protect housing affordability, and to preserve and expand the number of social and community housing units.<sup>1</sup>

These two initiatives align with components of the Province's 30-point plan for housing affordability in British Columbia, specifically the commitments made in Budget 2018 regarding the Building BC: Community Housing Fund, the Home Adaptations for Independence program, the Capital Renewal Funding Program, and the Provincial Rental Supply Program delivered through HousingHub.

The BC Priorities Housing Initiative has the flexibility to include private-sector proponents whereas the Canada Community Housing Initiative can only be used for Social Housing and Community Housing projects, and to reduce Housing Need in Social Housing and Community Housing. Because of the alignment of objectives and principles, funding under the two initiatives including cost-matched funding, will be applied as follows:

Bilateral initiatives	BC Priorities Housing Initiative	Canada Community Housing Initiative
Supported Provincial programs	Home Adaptations for Independence (HAFI)	Retention of social and community housing
	Provincial Rental Supply Program (delivered through HousingHub)	
	Building BC: Community Housing Fund (CHF)	
	Capital Renewal Funding Program	

The Action Plan describes the annual and three-year targets, funding and expected results for the BC Priorities Initiative and the Canada Community Housing Initiative. Through the programs described above, BC Housing will support approximately 37,000 households by 2028 by maintaining and expanding social and community housing across the province, as well as by supporting needed repairs and adaptations. The following table summarizes the draft Action Plan's proposed use of federal and provincial funding.

<sup>1</sup> "Community Housing" means community-based housing that is owned and operated by non-profit housing corporations and housing co-operatives or housing owned directly or indirectly by provincial, territorial or municipal governments or district social services administration boards and includes Social Housing. "Social Housing" means Housing, the administration of which was on April 1, 2019 within a "Program" in Schedule C to Social Housing Agreement (SHA) between CMHC and BC Housing Management Commission dated June 19, 2006 and is still within a "Program" in Schedule C to the SHA at the times of the commitment and use of the CMHC Funding for it. This definition of social housing excludes housing that is occupied with a rent supplement in the private market.



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Funding in support of the Community Housing Fund will be used to mitigate increases in construction costs. The positive impacts include maintaining affordability and supporting the ability to meet provincial targets for completed housing units without additional provincial funding.

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CMHC reviewed the first iteration of the Action Plan and confirmed that the draft contains the main elements required by the Agreement.

s.13; s.16

s.13; s.16

s.13; s.16 Implementation of the Action Plan will be informed by consultation with external stakeholders, for example, discussion with BC Non-Profit Housing Association on using funding to support the non-profit sector as operating agreements expire. Funding under the Agreement is dependent on bilateral concurrence on the Action Plan. Funding will be available April 1, 2019 – March 31, 2022.

In 2019/20 the Agreement may be amended to include the Canada Housing Benefit which will be implemented in 2020/21. This is envisioned to be a dollar-for-dollar cost-matching program to reduce housing need. The Action Plan would also be revised to reflect the amended Agreement.



### Next Steps

The table below provides an overview of next steps. The timing is estimated and works backwards from the requirement, under the bilateral agreement, of publishing the bilateral Action Plan within 90 days of approval. Communications on the Action Plan will be driven by CMHC and may occur faster than the 90 days deadline.

Next Steps	March	April	May	June
Ministry reviews the Action Plan				
BC Housing sends final Action Plan to CMHC for approval				
Action Plan approved by CMHC				
Federal messaging created - CMHC Communications engages BC Housing Communications				
BC Housing Communications engages with GCPE to approve BC messaging				
BC Housing Communications and CMHC Communications manage the public announcement, e.g. news release, website posting				

### ATTACHMENT:

1. Draft BCHMC Action Plan FY2019/20-FY2021/22, v1.2

#### PREPARED BY:

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 BC Housing  
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#### APPROVED BY:

Greg Steves, Assistant Deputy Minister  
 Office of Housing and Construction Standards

Kathryn Krishna, Deputy Minister

#### DATE APPROVED:

April 1, 2019

April 2, 2019



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## BRIEFING NOTE FOR INFORMATION

**Date:** March 7, 2019

**Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing

**Title:** Riverview Lands

**Issue:** Member of Parliament Fin Donnelly would like to discuss using Riverview as a “national centre for mental health excellence.”

**Meeting With:** Fin Donnelly, Member of Parliament, Port Moody-Coquitlam on March 13, 2019

### SUMMARY:

- **Member of Parliament (MP) Fin Donnelly is interested in discussing using Riverview as a “national centre for mental health excellence.”**
- **The Province intends to review the current plan for redevelopment of Riverview, including the principles that were established to guide the reuse of these public lands.**

### BACKGROUND:

The Province transferred the title for the Riverview Lands to BC Housing in February 2015. Over the past number of years BC Housing has carried out a collaborative engagement process regarding future directions for the Riverview Lands.

MP Fin Donnelly is interested in discussing using Riverview as a “national centre for mental health excellence” (see [video](#)). Specifically, Mr. Donnelly is interested in:

- A national centre for mental health excellence, with a focus on seniors, youth, Indigenous people, professionals, and veterans;
- A campus dedicated to mental health, addictions and well-being;
- A world-class arboretum and heritage buildings that provides community services, offices, addiction and treatment centres;
- A health services research centre; and
- Expansion to other areas including medical services, young entrepreneurs, business incubation, or small and medium enterprise support.

### DISCUSSION:

The Province’s intention is to create an integrated community of care with critical mental health and addiction supports and services, and affordable, safe and functional housing to help vulnerable people.

The Province intends to review the current plan for redevelopment of Riverview, including the principles that were previously established to guide the reuse of these public lands.

The principles are outlined in *A Vision for Renewing Riverview*, which was released in December 2015 following two years of consultation with thousands of British Columbians and multiple stakeholders. Mental health care and a complete community are core themes in *A Vision of Renewing Riverview*.

The review of the current plan will contribute towards addressing the housing needs of people experiencing homelessness as well as severe mental illness and addiction, in support of the work of the Ministry of Mental Health and Addictions.



The Province aspires for a balanced approach to the principles and objectives of a wide range of stakeholders and parties and continues to work in the spirit of partnership with the Kwikwetlem First Nation who have made a land claim for the Riverview Lands.

Kwikwetlem First Nation filed a land claim on February 9, 2016 asserting their Aboriginal title to an area of lands including Riverview. A case planning conference was held on January 15, 2019 that set a trial date for March 2021.

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The Province also remains committed to collaborate with the Ministry of Health, the Ministry of Mental Health and Addictions, the Ministry of Citizens' Services and the City of Coquitlam on the development of these lands.

In the interim, BC Housing continues to maintain the property, overseeing film activity, government and non-profit leases, and all infrastructure on the site.

### Current Mental Health Services

Mental health services continue to operate on the Riverview site. There are currently 64 residential beds operated by Fraser Health and 82 beds operated by Provincial Health Services Authority (BC Mental Health and Substance Use Services).

Two new buildings for mental health services are also complete or under construction:

1. The new Provincial Assessment Centre/Maples building (Valleyview/Healing Spirit House) has been completed and clients will begin moving into the facility in February 2019. This purpose built 38-unit building will be operated by the Ministry of Children and Family Services and Community Living BC.
2. The new Centre for Mental Health and Addiction building is under construction with an estimated completion of late 2021. This purpose-built 105-bed mental health facility will be a centre of excellence in the care and treatment of people with severe mental health and substance use challenges. This building will be operated by the Provincial Health Services Authority (via BC Mental Health and Substance Use Services).

### FINANCIAL IMPLICATIONS:

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#### APPROVED BY:

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Office of Housing and Construction Standards

Kathryn Krishna, Deputy Minister

#### DATE APPROVED:

March 5, 2019

March 6, 2019

March 6, 2019



## BRIEFING NOTE FOR INFORMATION

- Date:** March 11, 2019
- Prepared For:** Honourable Selina Robinson, Minister of Municipal Affairs and Housing
- Title:** Housing Needs and Solutions and Sustainable Housing Development
- Issue:** Potential role Fraser Basin Council could play as an independent facilitator to assist communities / stakeholders to reach agreement on housing needs and solutions, and to explore opportunities to ensure new housing development is more sustainable
- Meeting With:** Fraser Basin Council on April 15, 2019:
- David Marshall, Executive Director;
  - Bob Purdy, Director of Corporate Development and External Relations; and
  - Theresa Fresco, Regional Manager, Greater Vancouver Sea to Sky Region

### SUMMARY:

- **BC Housing has participated in and provided support for events and projects with the Fraser Basin Council.**
- **The Fraser Basin Council has representation on a BC Housing advisory committee for the Mobilizing Building Adaptation and Resilience project.**
- **BC Housing looks forward to continuing to engage with the Fraser Basin Council on future endeavours, especially considering recent direction from CleanBC.**

### BACKGROUND:

Over the past few years, BC Housing has participated in and provided support for events and projects with the Fraser Basin Council, including:

- Participation in a First Nation energy forum with the Council and in a webinar on First Nation housing issues.
- Membership of the Council's "Green Fleets BC" program.
- Presented at the Energy Step Code workshop hosted by the Council and Okanagan Nation Alliance
- Provided Building Excellence Research and Education Grants:
  - 2016 - First Nations Home Energy Save Program, \$40,000
  - 2017 - Video series on Retrofitting for Energy Efficiency, \$15,000

BC Housing is leading the Mobilizing Building Adaptation and Resilience (MBAR) project. This new multi-year, multi-stakeholder knowledge and capacity building research project will establish tools and a Body of Knowledge to inform development, design and management decisions around new construction and renovation of buildings.

Fraser Basin Council is a member of the advisory group for the MBAR project, providing expertise in flood management, including assessing flood vulnerabilities and improving flood resilience. MBAR will pilot sustainable and resilient building design and renovations with the aim of stabilizing communities in a natural disaster and helping building owners and occupants better protect their investments, including adapting to anticipated climate change stresses (e.g. higher precipitation, warmer summers, fire-related air



pollution) and climate change shocks (e.g. severe flooding/fire/windstorms). MBAR will also develop and deliver an industry train-the-trainer program incorporating experience and knowledge gained from the pilot projects.

BC Housing also has several capital improvement and new housing projects in the communities of interest to the Fraser Basin Council. On the Fraser Basin Council website, they identify the following regions as being of interest to their work: Upper Fraser Region, Fraser Valley Region, Sea-to-sky corridor.

#### **DISCUSSION:**

With the direction from the Province's CleanBC Plan, BC Housing sees additional opportunities to work with Fraser Basin Council in the areas of transportation and home energy savings.

#### ***Transportation***

Under the banner "Green Fleets BC," the Fraser Basin Council has worked on a suite of partnership initiatives to help public and private sector organizations increase fuel efficiency and cut smog and greenhouse gas emissions in their fleets. To support CleanBC's greenhouse gas reduction goals for transportation, BC Housing is looking to participate in this program for its own fleet.

Fraser Basin Council manages the PlugInBC initiative, partnership project helping to lay the groundwork for electric vehicles and charging infrastructure in BC. Through the MBAR project, there may be opportunity for Fraser Basin Council and BC Housing to collaborate on researching the potential roles of electric vehicles in emergency and climate adaptation energy management for residential buildings and for neighbourhoods.

#### ***Home Energy Savings***

Through the First Nations Home EnergySave Program, the Fraser Basin Council works with First Nations communities to reduce energy use. BC Housing is interested in exploring the Council's enhanced involvement in piloting MBAR projects with First Nations.

#### **FINANCIAL IMPLICATIONS:**

- None

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#### **APPROVED BY:**

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Kathryn Krishna, Deputy Minister

#### **DATE APPROVED:**

March 11, 2019

April 4, 2019