

2018 Budget – Main Message

Highlights:

- Budget 2018 contains bold measures to address housing and childcare.

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Background:

Making Life More Affordable

- Building on the Province's progress to date, Budget 2018 takes action to make life more affordable by:
- Introducing a new affordable child-care benefit that will reduce child-care costs by up to \$1,250 per month for every child and support 86,000 B.C. families per year by 2020-21.
- Providing up to \$350 per month directly to licenced child-care providers to reduce fees for an estimated 50,000 families per year by 2020-21.
- Curbing speculation in B.C.'s housing market and helping to build 114,000 affordable rental, non-profit, co-op and owner-purchase housing units through partnerships.
- Eliminating Medical Services Plan (MSP) premiums by Jan. 1, 2020, saving individuals up to \$900 a year, and families up to \$1,800 a year.
- Making ferries more affordable by freezing fares on all major BC Ferries routes, reducing fares on non-major routes and fully restoring the Monday to Thursday seniors passenger fare discount.
- Improving B.C.'s Fair PharmaCare program to eliminate deductibles for families with annual net incomes below \$30,000, starting Jan. 1, 2019. Approximately 240,000 families will receive expanded coverage.
- Reinstating free bus passes with the flexibility to support other transportation needs will help over 100,000 people receiving disability assistance to better connect them with their communities and the services they rely on.

Delivering the Services People Count On

- British Columbians deserve services they can depend on. That's why Budget 2018 invests in priority services, including:
- Significant investments in health care, with funding of \$548 million over three years to improve care for seniors and \$150 million to help connect those who do not have a family doctor with team-based primary care.

- Hiring more teachers, bringing the total to over 3,700 new hires around the province to support students and meet the need for qualified teachers in B.C.
- Making a historic investment of \$50 million this fiscal year to support the revitalization and preservation of Indigenous languages in B.C.
- Dedicating \$18 million to services that provide outreach and counselling support for women and children affected by violence.
- Improving access to justice through increased funding for legal aid, family law services, and the hiring of more sheriffs and court staff to help reduce court delays.

Building a Strong, Sustainable Economy

- Budget 2018 invests in a strong, sustainable economy through B.C.'s greatest resource - its people, by:
 - Supporting communities hit the hardest by the 2017 wildfire season and investing in wildfire preparedness to protect people, communities and wildlife.
 - Increasing funding for B.C.'s agrifood sector to support enhanced Buy BC, Grow BC and Feed BC initiatives to drive consumer demand and get B.C.'s goods to overseas markets.
 - Confirming the removal of fees for Adult Basic Education and English Language Learning to give people opportunities to grow and succeed.
 - Partnering with industry, the federal government and First Nations communities to support Indigenous skills training programs with \$30 million over three years.
 - Increasing grants administered through the BC Arts Council and Creative BC, which support B.C.'s vibrant communities and creative economy.
 - Expanding B.C.'s tuition waiver program and increasing financial support for former youth in care while they attend post-secondary school or training programs.
- Budget 2018 commitments are being funded by improved revenue forecasts over the fiscal plan period, as well as new revenue sources, including:
 - A speculation tax, and increases in the foreign buyers' tax, to address housing affordability in B.C. by reducing foreign demand, and curbing speculation in the residential property market.

- An employer health tax to allow for the full elimination of MSP premiums.
- "For too long, British Columbians have not been able to get the services that they need or afford to live in the communities in which they work or grew up in," James said. "We are taking bold action to change that with Budget 2018 - a budget that works for everyone in B.C."

Economic Outlook

- British Columbia experienced stronger than previously forecast economic growth in 2017. Budget 2018 reflects an upward revision to the 2017 real GDP estimate, to 3.4% from 2.9%, estimated in the Budget 2017 Update, due to better-than-expected performance of B.C.'s main domestic indicators, including employment, retail sales, housing starts and exports.
- Strong growth is expected to continue with the provincial economy projected to grow by 2.3% in 2018. Private sector forecasters expect B.C.'s economic growth to continue to rank near the top of provincial standings in the near-term.
- The near-term global economic outlook has also improved since Budget 2017 Update, with upward revisions to 2018 real GDP growth for the United States, Japan, China and the euro zone.
- Downside risks remain, including uncertainty regarding U.S. fiscal and trade policy and ongoing economic challenges in Asia and the euro zone. The Budget 2018 economic forecast is prudent, compared to the outlook provided by the independent Economic Forecast Council, in recognition of the downside risks to the outlook.

Budget Outlook

- Budget 2018 projects surpluses of:
 - \$219 million in 2018-19
 - \$281 million in 2019-20
 - \$284 million in 2020-21
- Government has included several layers of prudence into the fiscal plan, to help account for lower-than-expected revenues, unforeseen expenses or

emergencies. Budget 2018 includes a forecast allowance of \$350 million in 2018-19, \$500 million in 2019-20 and \$600 million in 2020-21. Budget 2018 also includes contingencies of \$550 million in 2018-19, \$750 million in 2019-2020 and \$750 million in 2020-21.

Revenue Outlook

- Total government revenue is forecast at \$54.2 billion in 2018-19, \$57.6 billion in 2019-20 and \$58.6 billion in 2020-21.

Expense Outlook

- Total expenses over the three-year fiscal plan are forecast at \$53.6 billion in 2018-19, \$56.8 billion in 2019-20 and \$57.8 billion in 2020-21.

Capital Spending

- Taxpayer-supported capital spending over the fiscal plan will total a record-level \$15.8 billion, and includes urgently needed investments in critical infrastructure, such as:
 - Education: \$2 billion to maintain, replace, renovate or expand K-12 facilities.
 - Post-secondary education: \$2.6 billion to build capacity and help meet the province's future workforce needs in areas like science, trades and technology.
 - Health: \$3.1 billion to support major construction projects and upgrading health facilities, medical and diagnostic equipment, and information management technology systems.
- Housing: \$379 million to preserve existing affordable housing and to help fund the construction of supportive housing units.
- Student housing: \$450 million for a student housing program for public post-secondary institutions that will help finance 5,000 new student housing beds.
- Transportation: \$4 billion in provincial operating and capital funding, which will leverage an additional \$1.3 billion through federal cost sharing and partnerships with private organizations, local governments and other agencies.

Debt Affordability

- The operating debt is forecast to be eliminated by the end of 2018-19, one year earlier than forecast in Budget 2017 Update. Primarily, this is a result of stronger-than-predicted economic growth in 2017. This will be the first time the government has been free of operating debt in over 40 years.
- The taxpayer-supported debt-to-GDP ratio, a key indicator used by credit-rating agencies, is expected to remain below 16% over the fiscal plan period, despite record-level capital spending.

MRDT

- Thank you Honorable Speaker. And I thank the member opposite for the question. We are listening to the tourism industry and in fact I meet with a delegation this morning.
OF TOURISM LEADERS
- One of the concerns we've heard from tourism operators all across this province is the shortage of affordable housing options facing staff in the tourism sector.
- For years tourism industry has struggled to recruit and retain staff as workers have been unable to find affordable housing.
- The previous government had 16 years to take action to address the housing affordability crisis.
- And instead, rents skyrocketed, while they sat on the sidelines, driving rents out of reach for thousands of workers in the tourism sector.
- Tourism operators and municipalities have asked us to give them more tools to address housing affordability in their communities.
- With our proposed changes to MRDT municipalities can continue doing exactly what they're doing today,

- It also gives them the flexibility they need to support a strong tourism sector, including building workforce housing which communities like Tofino and Whistler desperately need.
- Creating flexibility in how MRDT revenues may be used allows communities to work with tourism operators, hotels and other business to address their community's needs.

- Thank you Honorable Speaker. It is unfortunate that the opposition continues to ignore the affordable housing crisis, instead of helping hard-working people like those in the tourism industry.
- One of the concerns we've heard from communities and tourism operators all across this province is their huge housing needs. They have a shortage of affordable housing options – which affects tourism industry staff.
- The members opposite are still ignoring the housing crisis they created.
- In fact Honorable Speaker I would like to read an email sent out by the Member of Cariboo-Chicoutin and I quote:
- 'I need a bunch of tourism operators to give me statements in opposition to legislations the MRDT tax for housing needs for Monday. Want to nail them in question period'.
- Honorable Speaker, why is the member so against helping communities build housing if that's what their needs are?

- The opposition is still ignoring the housing affordability crisis they created and are only interested in 'nailing' us in question period.
- The members opposite are suggesting that communities don't know how to allocate and determine their own need.
- Surely the member is not suggesting that Government should force municipalities and direct them on how to spend resources.
- Municipalities care about tourism and our government is giving them the flexibility to work with tourism operators to use the funds to meet ALL of their tourism needs.

ADVICE TO MINISTER FOR TOURISM ARTS & CULTURE

Legacy Council/Chinese Museum

Background:

- Chinese news media reported that the Premier committed to continuing the Legacy Initiatives Advisory Council's work to preserve Chinese Canadian history.
- The council's work has been extended until March 31, 2018 to complete the remaining legacy projects. Ministry staff contacted LIAC members directly prior to the December 31 deadline, and the extension was processed in January 2018.
- There are 3 projects to be completed:
 - Commemorative plaques in Lytton and Yale (basically complete, unveiling to take place with communities in Spring or Summer when convenient for the communities).
 - Province is in ongoing talks with the City of Vancouver to plan a commemorative monument.
- Once these projects are finished, the Legacy Council's work will be complete.
- A celebration event to unveil the Celebration Book was scheduled for last Friday, February 23 in Vancouver.
- The event was cancelled due to a severe winter storm.
- Tourism, Arts and Culture is currently working to reschedule a celebration event with the members of the council and the community.

Message:

- Our government is committed to continuing the work on the Chinese apology and the protection of Chinese Canadian history.
- The tremendous contribution of Chinese Canadians to British Columbia history has not been catalogued and recognised to the extent it should be.
- This is important work and we appreciate the efforts of those on the Legacy Initiative Advisory Council to shine a light on the contributions of Chinese British Columbians to our society.
- The Council was engaged to provide the government with advice to ensure successful implementation of the legacy projects.
- They have worked incredibly hard on these projects, including providing recommendations of plaques and content for the Celebration book.
- Although the Council's work is concluding, we remain committed to honouring Chinese Canadian history.
- We have committed to working towards a museum to document the contributions of Chinese Canadians to the development of British Columbia.
- This work is in its early stages, but we will provide updates when we are able to.

When will we see the Celebration Book?

- Our government was excited to celebrate the unveiling of the Celebration book last Friday, however the event had to be cancelled due to the winter storm.
- We are currently working to reschedule a celebration event with members of the council and the community.

Aileen Machell
Issues Manager
778.584.0257

Arts Council Funding

- Thank you Honorable Speaker. Our province is home to a vibrant and talented arts community.
- For 16 years the old government failed to provide stable predictable funding to the BC Arts Council.
- For many years, the Art Council saw zero increases and some years they saw cuts.
- Honorable Speaker the only time the Arts Council saw a boost from the previous government was just before an election.
- The artists and families who are supported by B.C.'s arts sector deserve better Honorable Speaker. They deserve a government that truly values the importance of Arts and Culture in British Columbia.
- And that is why our government is investing \$15 million over 3 years in the BC Arts Council.

- Thank you Honorable Speaker. Despite the neglect of the previous government our Arts and Culture communities are thriving.
- And British Columbians should be able to get the most benefit from these industries through good, family-supporting jobs and economic growth in communities.
- Over the past 6 months, we've been working hard to boost these important sectors and talking to businesses about how we can best support them.
- With Budget 2018, we are investing \$15 million dollars over three years to further help the BC Arts Council support artists and cultural organizations in communities across B.C.
- An additional \$3 million will be invested in Creative BC, to help grow and develop B.C.'s economy through film, digital media, music and publishing.
- Honorable Speaker unlike the previous government we aren't only interested in supporting Arts and Culture in an election year. We are investing much needed funding in these sectors right now.

- These are important first steps by our government to supportive the creative economy in B.C.

Arts Council Funding

Highlights:

- Tourism, Arts and Culture Minister Lisa Beare's mandate letter calls on her to double the funding to the BC Arts Council over four years.
- Budget 2018 includes an additional \$5 million sustained over three years for the BC Arts Council, bringing the annual amount for the Council to \$29 million.
- Opposition may ask when the funding will be doubled.

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Background:

- (WAITING ON INFO FROM MINISTRY)

Daylight Savings

Highlights:

- The Premier has asked British Columbians to send emails to the Premier's office if they want to weigh in on whether British Columbia should scrap Daylight Savings Time.

Main Message:

- We don't have plans to move away from Daylight Savings at this time, but we are excited that we have been receiving input from people on this.
- We've heard from quite a few people who feel it would be simpler to not change our clocks twice a year.
- It's important to consider possible impacts on industries that do business in other markets.
- Professional sports could also be affected.
- As Premier said, we're happy to hear from British Columbians on this issue and any issue that is important to people.

Tourism and BC – AB Trade Dispute

Highlights:

- On Feb 6, Alberta Premier, Rachel Notley announced that the Alberta Gaming and Liquor Commission would stop buying BC Wine.
- The wine boycott was lifted on February 22.
- Government's effort to promote BC wine continues.
- Opposition and media may ask if the trade dispute is affecting tourism operators, and if government is working to promote BC wines.

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Background:

Wine Tourism

- DBC provides direct funding to the five regional Destination Marketing Organizations - totaling \$5 million a year - for a variety of marketing and destination development activities including supports for wine and culinary tourism experiences.
- More specifically, DBC supports B.C.'s wine tourism industry through their Co-op Marketing Partnerships Program.
- Over the past three years, the BC Wine Institute (BCWI) has received a combined total of \$675,000 to increase tourism visitation to B.C.'s wine regions and increase farm gate wine sales.
- Specific activities related to wine tourism – from funds given to the RDMO's – include, but are not limited to:
 - Printed travel guides, including the Wine Tour Handbook and Wine Trails Guide.
 - Kootenay Rockies Map Book, featuring ale trails, wineries, hot springs.
 - Vancouver Island's wine touring feature as part of the "Find your element: Sip and Savour" campaign.
 - Wine and culinary tourism are a focus of B.C.'s marketing strategy to drive visitation.

- The upcoming B.C. Wine Month in April 2018 and the Buy BC: Eat Drink Local campaign in May 2018 will highlight opportunities for visitors and residents to experience local, world-class wine and cuisine.

B.C. Wine Month

- On Wednesday, February 14th, the B.C. Government announced the proclamation of B.C. Wine Month in April. The following initiatives were highlighted:
 - Increased opportunities to have B.C. wines in local BC Liquor Stores, including local wines from small and medium producers that are not typically available outside of the wineries.
 - Promotion throughout the month with storefront displays.
 - A greater variety of in-store tastings of B.C. wines.
 - Funding for an expansion of the Buy BC: Eat Drink Local campaign, to further develop partnerships between the BC Wine Institute and the British Columbia Restaurant and Food Services Association.
 - Funding to support the marketing of BC VQA wines to new international markets.

Buy BC: Eat Drink Local

- In October 2017, the B.C. Government kicked off the Buy BC: Eat Drink Local initiative, a campaign aimed at educating British Columbians on the benefits of supporting local agriculture, seafood and food processing companies. It will help local producers connect with the hospitality sector and increase the number of B.C. products that are profiled and served in restaurants and food service establishments around the province.
- The highlight of the campaign will be a month-long dining promotion in May 2018, offering consumers the experience to learn about and enjoy fresh dishes made with local ingredients.
- Based on conversations with Ministry of Agriculture staff, detailed information on activities and funding are forthcoming.

#boycottbc

- Since the announcement of a scientific panel and possible regulations related to the Kinder Morgan Trans Mountain Pipeline, there have been calls to enact economic sanctions on British Columbia.
- On February 6th, Alberta's premier announced a boycott of B.C. wine in Alberta government liquor stores.
- In response, on Feb. 7th, Premier John Horgan said "I'm not responding in any way other than saying I'll defend our wine industry. I'm here for B.C., not for Alberta."
- The boycott on BC Wine was retracted by the Alberta government on Feb. 23rd.
- A #boycottBC campaign asks citizens of Alberta to avoid traveling to B.C.

FIFA Bid

Highlights:

- Richmond-Queensborough MLA Jas Johal asked Minister Beare about the status of the PavCo submission to the FIFA World Cup 2026 United Bid Committee.
- The initial draft submission to the United Bid Committee on March 8 which included a letter with conditions, was rejected by the Bid Committee.
- A second unsigned submission was provided to the United Bid Committee on March 13, but was rejected by the bid committee.

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Main Message:

- This would certainly be an exciting opportunity for B.C. with potential economic benefits – and we have been working diligently to bring World Cup games to Vancouver.
- But there are potentially huge and uncontrollable costs, and we have an obligation to British Columbians to protect their interests.
- We have made numerous attempts to clarify risks and costs to British Columbians.
- But the bid committee refused to accept the negotiate and clarify the costs to British Columbians.
- We can't put British Columbians on the hook for massive and unknown costs at the whim of FIFA.
- Here's what Chicago's mayor's office had to say on this subject yesterday:
 - "FIFA could not provide a basic level of certainty on some major unknowns that put our city and taxpayers at risk. The uncertainty for taxpayers, coupled with FIFA's inflexibility and unwillingness to negotiate, were clear indications that further pursuit of the bid wasn't in Chicago's best interests."

When was the deadline and did you miss it?

- The prospect of hosting World Cup games is exciting for soccer fans and has the potential to bring significant economic and cultural benefits to BC.
- Our government has been working diligently to bring games to Vancouver.
- We do have a number of concerns with parts of the stadium agreement.
 - The contract gives FIFA the unilateral ability to change the terms of the Stadium Agreement, which adds extra risk.
- We made a submission to the bid committee last week which outlined serious concerns to protect B.C. taxpayers from huge financial risks.
- The bid committee chose not to address those concerns.
- We've been in regular contact with the bid committee to support this bid while protecting taxpayers, and made a second submission this week.
- We've continued working and made a second submission this week, which included our concerns.

- We've worked to carefully examine the potential risks and costs – but there are still too many unknowns in the agreement.
- Should the bid committee reconsider, our door remains open to hosting World Cup Games in 2026.
- While the opposition wants to ignore real risks to taxpayers in order to score political points, we're looking out for British Columbians.

What's in the second submission? Is it different from the old submission?

- Our government supports in principle the hosting of the FIFA 2026 World Cup in Vancouver, and we have been working diligently to make it happen.
- Our second submission outlines our province's support, and includes a letter identifying a number of concerns – as well as an offer to negotiate.
- Our concerns and offer were not accepted by the bid committee.
- We won't sign a blank cheque to FIFA - because people want their tax dollars managed responsibly.

Vancouver hosted the FIFA Women's World Cup Canada 2015, so why won't you host this one?

- The scale, security needs and the type of bid can't be compared between these two events.
- Canada Soccer took the indemnity for the province with the Women's World Cup.
- It was a smaller scale event.
- And for the 2026 World Cup, the security requirements for the perimeter of the building are much more significant.
- With this bid – there are a number of serious concerns with key aspects of the agreement and we must have those addressed before we put taxpayers on the hook for unknown costs at the whim of FIFA.
- We are making decisions in the best interests of British Columbians.

What are the risks you talk about?/What about the economic benefits?

- We love soccer and are interested in the opportunities that could come with the World Cup, but we need to make sure we are offering the support of British Columbians in a responsible way.
- We have concerns with the terms being offered:
 - The Indemnities required at BC Place are currently too broad to quantify the costs to taxpayers.
 - As we own the stadium, the province is on the hook.
 - FIFA is seeking unilateral ability to change the terms of the stadium agreement – which adds unknown risks.
 - There is no plan for safety and security, and those costs could fall to the province.
 - It's unclear who would bear the costs for a new natural grass pitch or other renovations needed at BC Place.
- This list is not exhaustive, but a few examples of the concerns we need to have addressed before we agree to put British Columbians on the hook.
- We would love for Vancouver to host the World Cup but not at any cost.

Other Canadian cities are all-in, so why can't B.C. agree to the terms?

- We love soccer, and know that hosting would be an exciting opportunity, but the risks and the cost to people in our province must be considered.
- We are unique to other potential provinces because the province owns B.C. Place, the potential liability and costs are higher.
- Despite repeated discussions with the bid committee, there is not enough clear information to show the costs and risks to British Columbians.
- This is why we were in contact with the bid committee to work through these details, and why we included concerns in our submissions.
- The committee refused to address the concerns that we raised to protect B.C.'s interests.
- We would love to bring the World Cup to B.C. but not at any cost to the people in our province.
- **Unlike the opposition, we're not willing to write a blank cheque.**
- Should the bid committee reconsider, our door remains open to bringing World Cup games to Vancouver.

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