Ministry of Finance

Estimates Issue Notes
May 2025

BRITISH COLUMBIA | Ministry of Finance

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MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
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NAME: Budget by Core Business (Sub-Vote) Summary

DESCRIPTION:

- To provide summary and information by core business (sub-votes) for *Budget 2025*.
- To provide summary by issue for *Budget 2025*.
- To provide summary by adjustment for *Budget 2025*.

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MINISTRY OF FINANCE

2024/25 VS 2025/26 BUDGETS BY SUB-VOTE

($ millions)	2024/25 Restated	2025/26	Increase/ (Decrease) $	Increase/ (Decrease) %
Ministry Operations				
Treasury Board Staff	9.910	10.101	0.191	1.9%
Office of the Comptroller General	23.722	24.082	0.360	1.5%
Treasury	0.001	0.001	0.000	0.0%
Revenue Division	284.501	295.683	11.182	3.9%
Policy and Legislation	8.998	9.165	0.167	1.9%
Assessment Services	0.001	0.001	0.000	0.0%
Public Sector Employers' Council Secretariat	31.257	32.060	0.803	2.6%
Crown Agencies Secretariat	8.243	8.363	0.120	1.5%
Minister's Office	1.112	1.450	0.356	32.0%
Corporate Services	45.494	46.044	0.532	1.2%
Subtotal Ministry Operations	**413.239**	**426.950**	**13.711**	**3.3%**
Statutory Appropriations and Special Accounts				
Housing Priority Initiatives Special Account	1,038.949	878.154	(160.795)	(5.5%)
Insurance and Risk Management Account	6.218	6.358	0.140	2.3%
Provincial Home Acquisition Wind Up Special Account	0.010	0.010	0.000	0.0%
Land Tax Deferment Act	81.000	92.000	11.000	13.6%
Subtotal Statutory Appropriations and Special Accounts	**1,126.177**	**976.522**	**(149.655)**	**(13.3%)**
Government Communications and Public Engagement				
Government Communications and Public Engagement	31.660	32.453	0.793	2.5%
Subtotal Government Communications and Public Engagement	**31.660**	**32.453**	**0.793**	**2.5%**
Public Service Agency				
Public Service Agency	70.491	71.872	1.381	2.0%
Benefits	0.001	0.001	0.000	0.0%
Long Term Disability Fund Special Account	29.470	26.066	(3.404)	(11.6%)
Subtotal Public Service Agency	**99.962**	**97.939**	**(2.023)**	**(2.0%)**
Total Ministry of Finance	**1,671.038**	**1,533.864**	**(137.174)**	**(8.2%)**

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MINISTRY OF FINANCE – TREASURY BOARD STAFF

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $9.910M, the core business net budget increased by $0.191M to $10.101M.

Treasury Board Staff ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$9.910	$9.910
Increases/ (Decreases):		
Shared Recovery Mandate		0.191
Budget 2025/26	**$9.910**	**$10.101**
Changes from prior year plan increase/(decrease):		$0.191
Percentage changes from prior year plan:		1.9%

Treasury Board Staff current year changes include:

- An increase of $0.191M to reflect divisional allocations for ratified collective agreements under the Shared Recovery Mandate.

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MINISTRY OF FINANCE –OFFICE OF THE COMPTROLLER GENERAL

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $23.722M, the core business net budget increased by $0.360M to $24.082M.

Office of the Comptroller General ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$23.722	$23.722
Increases/ (Decreases):		
Shared Recovery Mandate		0.360
Budget 2025/26	**$23.722**	**$24.082**
Changes from prior year plan increase/(decrease):		$0.360
Percentage changes from prior year plan:		1.5%

Office of the Comptroller General current year changes include:

- An increase of $0.360M to reflect divisional allocations for ratified collective agreements under the Shared Recovery Mandate.

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MINISTRY OF FINANCE – PROVINCIAL TREASURY

2024/25 VS 2025/26 BUDGETS

Provincial Treasury is a fully cost recovered sub-vote ($1K Vote). There is no change to the core business net budget.

Provincial Treasury ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$0.001	$0.001
Budget 2025/26	**$0.001**	**$0.001**
Changes from prior year plan increase/(decrease):		$0.000
Percentage changes from prior year plan:		0.0%

Contact: Amy McAleese **Phone:** 778 698-3352
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MINISTRY OF FINANCE – REVENUE DIVISION

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $284.501M, the core business net budget increased by $11.182M to $295.683M.

Revenue Division ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$284.501	$284.501
Prior Service Plan Changes		
Prior Shared Recovery Mandate Allocation	2.169	2.169
Increases/ (Decreases):		
Shared Recovery Mandate		2.028
Port Property Tax Grants		6.985
Budget 2025/26	**$286.670**	**$295.683**
Changes from prior year plan increase/(decrease):		$11.182
Percentage changes from prior year plan:		3.9%

Revenue Division current year changes include:

- An increase of $2.028M to reflect divisional allocations for ratified collective agreements under the Shared Recovery Mandate.

- An increase of $6.985M for annual Port Property Tax compensation payments to local municipalities, previously funded through contingencies.

Revenue Division prior year changes include:

- An increase of $2.169M to reflect prior year divisional allocations for ratified collective agreements under the Shared Recovery Mandate.

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MINISTRY OF FINANCE – POLICY AND LEGISLATION

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $8.998M, the core business net budget increased by $0.167M to $9.165M.

Policy and Legislation ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$8.998	$8.998
Increases/ (Decreases):		
Shared Recovery Mandate		0.167
Budget 2025/26	**$8.998**	**$9.165**
Changes from prior year plan increase/(decrease):		$0.167
Percentage changes from prior year plan:		1.9%

Policy and Legislation Division current year changes include:

- An increase of $0.167M to reflect divisional allocations for ratified collective agreements under the Shared Recovery Mandate.

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MINISTRY OF FINANCE – ASSESSMENT SERVICES

2024/25 VS 2025/26 BUDGETS

Assessment Services is a fully cost recovered sub-vote ($1K Vote). There is no change to the core business net budget.

Assessment Services ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$0.001	$0.001
Budget 2025/26	**$0.001**	**$0.001**
Changes from prior year plan increase/(decrease):		$0.000
Percentage changes from prior year plan:		0.0%

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MINISTRY OF FINANCE – PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $31.257M, the core business net budget increased by $0.803M to $32.060M.

PSEC ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$31.257	$31.257
Increases/ (Decreases):		
Shared Recovery Mandate		0.803
Budget 2025/26	**$31.257**	**$32.060**
Changes from prior year plan increase/(decrease):		$0.803
Percentage changes from prior year plan:		2.6%

Public Sector Employers' Council Secretariat current year changes include:

- An increase of $0.803M to reflect divisional allocations for ratified collective agreements under the Shared Recovery Mandate.

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MINISTRY OF FINANCE – CROWN AGENCIES SECRETARIAT

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $8.243M, the core business net budget increased by $0.120M to $8.363M.

Crown Agencies Secretariat ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$8.243	$8.243
Increases/ (Decreases):		
Shared Recovery Mandate		0.120
Budget 2025/26	**$8.243**	**$8.363**
Changes from prior year plan increase/(decrease):		$0.120
Percentage changes from prior year plan:		1.5%

Crown Agencies Secretariat current year changes include:

- An increase of $0.120M to reflect divisional allocations for ratified collective agreements under the Shared Recovery Mandate.

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MINISTRY OF FINANCE – MINISTER'S OFFICE

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $1.112 M, the core business net budget increased by $0.338 M to $1.450 M.

Minister's Office ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$1.112	$1.112
Increases/ (Decreases):		
Budget Cumulative Change		0.338
Budget 2025/26	**$1.112**	**$1.450**
Changes from prior year plan increase/(decrease):		$0.338
Percentage changes from prior year plan:		32.0%

Minister's Office current year changes include:

- An increase of $0.338 M to align the Minister's Office budget with the positions in the Minister's Office following the Cabinet Announcement.
- Effective November 18, 2024, the Parliamentary Secretary for Rural Development was reassigned from the Ministry of Jobs, Economic Development and Innovation to the Ministry of Finance. As a result, a portion of the budget was transferred to support this change.

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MINISTRY OF FINANCE – CORPORATE SERVICES DIVISION

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $45.494 M, the core business net budget increased by $0.550 M to $46.044 M.

Corporate Services Division ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$45.494	$45.494
Increases/ (Decreases):		
Shared Recovery Mandate		0.550
Budget 2025/26	**$45.494**	**$46.044**
Changes from prior year plan increase/(decrease):		$0.550
Percentage changes from prior year plan:		1.2%

Corporate Services Division current year changes include:

- An increase of $0.550 M to reflect divisional allocations for ratified collective agreements under the Shared Recovery Mandate.

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HOUSING PRIORITY INITIATIVES SPECIAL ACCOUNT

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $1,038.949M, the Housing Priority Initiatives account net budget decreased by $160.795M to $878.154M.

Housing Priority Initiatives ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$1,038.949	$1,038.949
Prior Service Plan Changes		
Community Housing Fund		(27.510)
Indigenous Housing Fund		(80.480)
Improve Aging Rental Stock		(52.805)
Budget 2025/26	**$1,038.949**	**$878.154**
Changes from prior year plan increase/(decrease):		($160.795)
Percentage changes from prior year plan:		(15.5%)

HPI Special Account prior year changes include:

- A decrease of $27.510M to the Community Housing Fund which provides additional affordable housing for a mix of low- and moderate-income households.

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- A decrease of $80.480M to the Indigenous Housing Fund which provides social housing to low-income Indigenous families and seniors.
- A decrease of $52.805M in funding for the Improve Aging Rental Stock fund which is used to redevelop BC Housing's existing aging housing units and build additional units of affordable housing.
    - This reflects uncertainty about the pace and timing of housing projects. Project delays will shift costs to future years.
- Programs that are partially funded through HPI include Community Housing Fund, Indigenous Housing Fund, Provincial Redevelopment Plan and Metro Vancouver Housing Corporation.

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INSURANCE AND RISK MANAGEMENT SPECIAL ACCOUNT

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $6.218M, the Insurance and Risk Management Special Account net budget increased by $0.140M to $6.358M.

Insurance and Risk Management Special Account ($ millions)	2024/25 Restated	2025/26
2024/25 Budget (Restated)	$6.218	$6.218
Increases/ (Decreases):		
Shared Recovery Mandate		0.140
Budget 2025/26	**$6.218**	**$6.358**
Changes from prior year plan increase/(decrease):		$0.140
Percentage changes from prior year plan:		2.3%

Insurance and Risk Management Special Account current year changes include:

- An increase of $0.140M to reflect divisional allocations for ratified collective agreements under the Shared Recovery Mandate.

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PROVINCIAL HOME ACQUISITION WIND UP SPECIAL ACCOUNT

2024/25 VS 2025/26 BUDGETS

The Provincial Home Acquisition Wind Up special account budget has remained the same for 2025/26.

Provincial Home Acquisition ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$0.010	$0.010
Budget 2025/26	**$0.010**	**$0.010**
Changes from prior year plan increase/(decrease):		$0.000
Percentage changes from prior year plan:		0.0%

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LAND TAX DEFERMENT ACT

2024/25 VS 2025/26 BUDGETS

Compared to its restated 2024/25 budget of $81M, the *Land Tax Deferment Act* statutory appropriation net budget increased by $11M to $92M.

Land Tax Deferment Act ($ millions)	**2024/25 Restated**	**2025/26**
2024/25 Budget (Restated)	$81.000	$81.000
Prior Service Plan Changes		
Land Tax Deferment Act		11.000
Budget 2025/26	**$81.000**	**$92.000**
Changes from prior year plan increase/(decrease):		$11.000
Percentage changes from prior year plan:		13.6%

The *Land Tax Deferment Act* statutory appropriation prior year changes include:

- An increase of $11M due to the increased cost of grant expenses resulting from the concessionary terms of agreements under the *Land Tax Deferment Act*.

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2024/25 VS 2025/26 BUDGETS BY ISSUE

($ millions)	Note	Budget Change
Ministry Operations		
***Budget 2025* Changes**		
Shared Recovery Mandate	1	4.219
Ports Property Tax Grants	2	6.985
Minister's Office	3	0.338
Prior Service Plan Changes		
Prior Shared Recovery Mandate Allocation	4	2.169
Subtotal Ministry Operations		**13.711**
Statutory Appropriations and Special Accounts		
***Budget 2025* Changes**		
Shared Recovery Mandate	1	0.140
Prior Service Plan Changes		
Land Tax Deferment Act	5	11.000
Community Housing Fund	6	(27.510)
Indigenous Housing Fund	6	(80.480)
Improve Aging Rental Stock	6	(52.805)
Subtotal Statutory Appropriations and Special Accounts		**(149.655)**
Government Communications and Public Engagement		
***Budget 2024* Changes**		
Shared Recovery Mandate	1	0.793
Prior Service Plan Changes		
n/a		
Subtotal Government Communications and Public Engagement		**0.793**
Public Service Agency		
***Budget 2024* Changes**		
Shared Recovery Mandate	1	1.381
Prior Service Plan Changes		
Long Term Disability Spending Plan	7	(3.404)
Subtotal Public Service Agency		**(2.023)**
Total Ministry of Finance		**(137.174)**

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Notes:

1. Shared Recovery Mandate – funding provided to reflect ministry allocations for ratified collective agreements under the Shared Recovery Mandate.
2. Port Property Tax Grant – funding to for annual Port Property Tax compensation payments to local municipalities, previously funded through contingencies.
3. Minister's Office Resourcing – funding provided to align the Minister's Office budgets with the positions in the Minister's Office following the Cabinet Announcement. Effective November 18, 2024, the Parliamentary Secretary for Rural Development was reassigned from the Ministry of Jobs, Economic Development and Innovation to the Ministry of Finance. As a result, a portion of the budget was transferred to support this change.
4. Prior Shared Recovery Mandate Allocation – funding provided to reflect prior year ministry allocations for ratified collective agreements.
5. *Land Tax Deferment Act* – increased funding for grant expense resulting from the concessionary terms of agreements under the *Land Tax Deferment Act.*
6. Housing Priority Initiatives – decrease in funding:
    a. This reflects uncertainty about the pace and timing of housing projects. Similar to the capital plan, there has been significant growth in investments, and any project delays will shift costs

to future years. It is therefore prudent to pace future growth in the plan until spending needs are more certain.

b. Programs that are partially funded through HPI include Community Housing Fund, Indigenous Housing Fund, Provincial Redevelopment Plan and Metro Vancouver Housing Corporation.

7. Long Term Disability Spending Plan – decreased funding due to lower Long Term Disability benefit costs, driven by a revision of the actuarial liability, which includes health benefits and administrative expenses, as well as a decrease in contribution rates from entities.

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2024/25 VS 2025/26 BUDGETS BY ADJUSTMENT

	2024/25 Restated Budget	Prior Year Budget Changes	*Budget 2025* Changes ($ millions)			2025/26 Budget	Variance
			Shared Recovery Mandate	Ports Property Tax Grants	Minister's Office		
TBS	9.910		0.191			**10.101**	0.191
OCG	23.722		0.360			**24.082**	0.360
PT	0.001		-			**0.001**	-
REV	284.501	2.169	2.028	6.985		**295.683**	11.182
PLD	8.998		0.167			**9.165**	0.167
AS	0.001		-			**0.001**	-
PSEC	31.257		0.803			**32.060**	0.803
CAS	8.243		0.120			**8.363**	0.120
MO	1.112				0.338	**1.450**	0.338
CSD	45.494		0.550			**46.044**	0.550
Subtotal Min Ops	**413.239**	**2.169**	**4.219**	**6.985**	**0.338**	**426.950**	**13.711**
HPI	1,038.949	(160.795)				**878.154**	(160.795)
IRMA	6.218		0.140			**6.358**	0.140
PHA	0.010					**0.010**	-
LTDA	81.000	11.000				**92.000**	11.000
FIN Total	**1,539.416**	**(147.626)**	**4.359**	**6.985**	**0.338**	**1,403.472**	**(135.944)**

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MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
FACT SHEET

NAME: Changes to Service Plan from Budget 2024

Description	2024/25	2025/26	2026/27	2027/28
2024/25 Service Plan Budget - February 2024		**($millions)**		
Ministry Operations	$413.107	$415.276	$415.276	$415.276
Government Communications and Public Engagement	31.660	31.660	31.660	31.660
BC Public Service Agency	69.815	69.815	69.815	69.815
Benefits	0.001	0.001	0.001	0.001
Statutory Appropriations (Special Accounts):				
Housing Priority Initiatives	1,038.949	878.154	827.390	827.390
Insurance and Risk Management Account	6.218	6.218	6.218	6.218
Long Term Disability Fund	29.470	29.470	29.470	29.470
Provincial Home Acquisition Wind Up	0.010	0.010	0.010	0.010
Land Tax Deferment Act	81.000	92.000	92.000	92.000
Subtotal	**$1,670.230**	**$1,522.604**	**$1,471.840**	**$1,471.840**
Budget 2025 – February 2025				
2024/25 Reorganizations and Restatements				
Transfer of Parliamentary Secretary Funding from Ministry of Jobs, Economic Development and Innovation (Note 1)	0.132	0.132	0.132	0.132
Changes to Budget – February 2025				
Ministry Operations		11.542	11.639	11.781
Government Communications and Public Engagement		0.793	0.793	0.793
BC Public Service Agency	0.676	2.057	2.057	2.057
Statutory Appropriations (Special Accounts):				
Housing Priority Initiatives				
Insurance and Risk Management Account		0.140	0.140	0.140
Long Term Disability Fund		(3.404)	(3.404)	(3.404)
2025/26 Service Plan Budget – February 2025				

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Ministry Operations	413.239	426.950	427.047	427.189
Government Communications and Public Engagement	31.660	32.453	32.453	32.453
BC Public Service Agency	70.491	71.872	71.872	71.872
Benefits	0.001	0.001	0.001	0.001
Statutory Appropriations (Special Accounts):				
Housing Priority Initiatives	1,038.949	878.154	827.390	827.390
Insurance and Risk Management Account	6.218	6.358	6.358	6.358
Long Term Disability Fund	29.470	26.066	26.066	26.066
Provincial Home Acquisition Wind Up	0.010	0.010	0.010	0.010
Land Tax Deferment Act	81.000	92.000	92.000	92.000
2025/26 Service Plan Budget – February 2025	**$1,671.038**	**$1,533.864**	**$1,483.197**	**$1,483.339**
February 2025 - Changes from 2024/25 Service Plan	$0.808	$11.260	$11.357	$11.499
February 2025 - Percent change from 2024/25 Service Plan	0.0%	0.7%	0.8%	0.8%

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
FACT SHEET

MINISTRY OPERATIONS

Description	2024/25	2025/26	2026/27	2027/28
2024/25 Service Plan Budget - February 2024		**($ millions)**		
Ministry Operations	$413.107	$415.276	$415.276	$415.276
Budget 2025 – February 2025				
2024/25 Reorganizations and Restatements				
Transfer of Parliamentary Secretary Funding from Ministry of Jobs, Economic Development and Innovation (Note 1)	0.132	0.132	0.132	0.132
Changes to Budget – February 2025				
Shared Recovery Mandate (Note 2)		4.219	4.219	4.219
Minister's office (Note 3)		0.338	0.338	0.338
Ports Property Tax Grants (Note 4)		6.985	7.082	7.224
2025/26 Service Plan Budget – February 2025	**$413.239**	**$426.950**	**$427.047**	**$427.189**
February 2025 - Changes from 2024/25 Service Plan	$0.132	$11.674	$11.771	$11.913
February 2025 - Percent change from 2024/25 Service Plan	0.0%	2.8%	2.8%	2.9%

Contact: Amy McAleese **Phone:** 778 698-3352
Division: Corporate Services Division

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
FACT SHEET

STATUTORY APPROPRIATIONS AND SPECIAL ACCOUNTS

Description	2024/25	2025/26	2026/27	2027/28
2024/25 Service Plan Budget - February 2024		**($ millions)**		
Statutory Appropriations (Special Accounts):				
Housing Priority Initiatives	$1,038.949	$878.154	$827.390	$827.390
Insurance and Risk Management Account	6.218	6.218	6.218	6.218
Provincial Home Acquisition Wind Up	0.010	0.010	0.010	0.010
Land Tax Deferment Act	81.000	92.000	92.000	92.000
Subtotal	**$1,126.177**	**$976.382**	**$925.618**	**$925.618**
Budget 2025 – February 2025				
Changes to Budget – February 2025				
IRMA – Shared Recovery Mandate (Note 2)		0.140	0.140	0.140
2025/26 Service Plan Budget – February 2025				
Statutory Appropriations (Special Accounts):				
Housing Priority Initiatives	1,038.949	878.154	827.390	827.390
Insurance and Risk Management Account	6.218	6.358	6.358	6.358
Provincial Home Acquisition Wind Up	0.010	0.010	0.010	0.010
Land Tax Deferment Act	81.000	92.000	92.000	92.000
2025/26 Service Plan Budget – February 2025	**$1,126.177**	**$976.522**	**$925.758**	**$925.758**
February 2025 - Changes from 2024/25 Service Plan	$0.000	$0.140	$0.140	$0.140
February 2025 - Percent change from 2024/25 Service Plan	0.0%	0.0%	0.0%	0.0%

Contact: Amy McAleese **Phone:** 778 698-3352
Division: Corporate Services Division

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
FACT SHEET

Note 1:

This is a transfer of funding from the Ministry of Jobs, Economic Development and Innovation for the Parliamentary Secretary for Rural Development.

Note 2:

This reflects ministry allocations for ratified collective agreements under the Shared Recovery Mandate.

Note 3:

This is to align the Minister's Office budget with the positions in the Minister's Office following the Cabinet Announcement.

Note 4:

This is annual Port Property Tax compensation payments to local municipalities, previously funded through contingencies.

Contact: Amy McAleese **Phone:** 778 698-3352
Division: Corporate Services Division **Page:** 5 of 5
File Name: Changes to Service Plan from Budget 2024

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MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ISSUE NOTE

ISSUE: Changes to Budget 2025 From Budget 2024

ADVICE AND RECOMMENDED RESPONSE:

- The Ministry of Finance 2025/26 budget has decreased by $137.174M compared to the restated 2024/25 budget.

  (See Background-Table 1. Restated 2024/25 to 2025/26 Budget Changes pg.4)

- The Ministry Operations Vote increased by $13.711M due to the following:
  - $4.219M increase to reflect ministry allocations for ratified collective agreements under the Shared Recovery Mandate.
  - $0.338M increase to align the Minister's Office budget with the positions in the Minister's Office following the Cabinet Announcement.
  - $6.985M increase for annual Port Property Tax compensation payments to local municipalities, previously funded through contingency access.
  - $2.169M increase relates to previous service plan changes for an increase in funding provided to reflect prior year ministry allocations for ratified collective agreements.

Contact: Amy McAleese **Phone:** 778 698-3352

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ISSUE NOTE

- The Government Communications and Public Engagement Vote increased by $0.793M due to the following:
    - $0.793M increase in funding to reflect ministry allocations for ratified collective agreements under the Shared Recovery Mandate
- The BC Public Service Agency Vote increased by $1.381M due to the following:
    - $1.381M increase in funding to reflect ministry allocations for ratified collective agreements under the Shared Recovery Mandate
- The Housing Priority Initiatives (HPI) Special Account includes a net budget decrease of $160.795M:
    - This reflects uncertainty about the pace and timing of housing projects. Project delays will shift costs to future years.
    - Programs that are partially funded through HPI include Community Housing Fund, Indigenous Housing Fund, Provincial Redevelopment Plan and Metro Vancouver Housing Corporation
- The Insurance and Risk Management Account Special Account budget increased by $0.140M due to ratified collective agreements under the Shared Recovery Mandate.

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ISSUE NOTE

- The Long-Term Disability Fund Special Account budget decreased by $3.404M due to lower Longer Term Disability benefit costs driven by a revision of the actuarial liability, which includes health benefits and administrative expenses, as well as a decrease in contribution rates from entities.
- $11M increase in funding for expenses arising from the concessionary terms of property tax deferral agreements under the *Land Tax Deferment Act.*

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ISSUE NOTE

Table 1. Restated 2024/25 to 2025/26 Budget changes

($ millions)	2024/25	2024/25 (Restated)	2025/26	Changes 2024/25 to 2025/26
Ministry Operations Budget 2024	**413.107**	**413.107**	**415.276**	**2.169**
Transfer of Parliamentary Secretary Funding from JEDI to FIN		0.132	0.132	0.000
Min Ops Budget 2024 with 2024/25 Restated	**413.107**	**413.239**	**415.408**	**2.169**
Shared Recovery Mandate			4.219	4.219
Minister's office			0.338	0.338
Ports Property Tax Grants			6.985	6.985
Budget 2025 Ministry Operations	**413.107**	**413.239**	**426.950**	**13.711**
Government Communications and Public Engagement Budget 2024 with 2024/25 Restated	**31.660**	**31.660**	**31.660**	**0.000**
Shared Recovery Mandate			0.793	0.793
Budget 2025 Government Communications and Public Engagement	**31.660**	**31.660**	**32.453**	**0.793**
Statutory Appropriations and Special Accounts Budget 2024	**1,155.647**	**1,155.647**	**1,005.852**	
Housing Priority Initiatives Budget 2024	**1,038.949**	**1,038.949**	**878.154**	(160.795)
Budget 2025 Housing Priority Initiatives	**1,038.949**	**1,038.949**	**878.154**	**(160.795)**
Insurance and Risk Management Budget 2024	**6.218**	**6.218**	**6.218**	
Shared Recovery Mandate			0.140	0.140

Contact: Amy McAleese **Phone:** 778 698-3352

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ISSUE NOTE

Budget 2025 Insurance and Risk Management	**6.218**	**6.218**	**6.358**	**0.140**
Long Term Disability Fund Budget 2024	**29.470**	**29.470**	**29.470**	**0.000**
Long Term Disability Spending Plan			(3.404)	(3.404)
Budget 2025 Long Term Disability	**29.470**	**29.470**	**26.066**	**(3.404)**
Provincial Home Acquisition Wind Up (no changes)	**0.010**	**0.010**	**0.010**	**0.000**
***Land Tax Deferment Act* (no changes)**	**81.000**	**81.000**	**92.000**	**11.000**
Budget 2025 Special Accounts	**1,155.647**	**1,155.647**	**1,002.588**	**(153.059)**
Public Service Agency and Benefits Budget 2024	**69.816**	**69.816**	**69.816**	**0.000**
Shared Recovery Mandate			1.381	1.381
Public Service Agency		0.676	0.676	0.000
Budget 2025 Public Service Agency and Benefits	**69.816**	**70.492**	**71.873**	**1.381**
Total Budget 2025	**1,670.230**	**1,671.038**	**1,533.864**	**(137.174)**

Contact: Amy McAleese **Phone:** 778 698-3352

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ISSUE NOTE

ISSUE: FIN - Shared Recovery Mandate Summary

ADVICE AND RECOMMENDED RESPONSE:

- In *Budget 2025*, the Ministry of Finance was provided $19.599M over the 3-year service plan to support cost increases resulting from the ratified collective agreements under the Shared Recovery Mandate.

- The three-year allocation includes $2.211M for Employer Associations.

($ millions)	2025/26	2026/27	2027/28	Total
Core Business				
Ministry Operations - Ministry Costs	$3.482	$3.482	$3.482	**$10.446**
Ministry Operations - Employer Associations	0.737	0.737	0.737	**2.211**
Government Communications and Public Engagement	0.793	0.793	0.793	**2.379**
BC Public Service Agency	1.381	1.381	1.381	**4.143**
Statutory Appropriations (Special Accounts):	0.140	0.140	0.140	**0.420**
Total	**$6.533**	**$6.533**	**$6.533**	**$19.599**

Contact: Amy McAleese **Phone:** 778 698-3352
Division: Corporate Services Division

File Name: MO_CSD_04_FIN-Shared_Recovery_Mandate_Summary[1].docxMO_CSD_04_FIN-Shared_Recovery_Mandate_Summary[1].docx

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MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ISSUE NOTE

- The breakdown of the Ministry Operations, excluding Employer Associations, is as follows:

($ millions)	2025/26	2026/27	2027/28	Total
Core Business				
Treasury Board Staff	$0.191	$0.191	$0.191	$0.573
Office of the Comptroller General	0.360	0.360	0.360	1.080
Provincial Treasury	-	-	-	-
Revenue Division	2.028	2.028	2.028	6.084
Policy and Legislation	0.167	0.167	0.167	0.501
Public Sector Employers' Council Secretariat	0.066	0.066	0.066	0.198
Crown Agencies Secretariat	0.120	0.120	0.120	0.360
Executive and Support Services	0.550	0.550	0.550	1.650
Total	**$3.482**	**$3.482**	**$3.482**	**$10.446**

- The Shared Recovery Mandate applies to all public sector employers with unionized employees whose collective agreements were ratified by December 31, 2021, and includes ongoing funding for management increases.

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ISSUE NOTE

- Negotiations were focused on providing a fair and reasonable offer to public-sector workers that includes significant inflation protection, while ensuring that government has the resources to continue to invest in building a stronger province for everyone.
- Core business level allocations, including the Insurance Risk Management Account special account, were based on estimated impacts of negotiated wage increases on current staffing levels.

BRITISH COLUMBIA

January 16, 2025

Honourable Brenda Bailey
Minister of Finance
Parliament Buildings
Victoria, BC V8V 1X4

Dear Minister Bailey:

Congratulations on your appointment as Minister of Finance at a critical time for our province. Serving as a member of the executive council is a privilege and responsibility which I am confident you will fulfill with integrity and a commitment to the people of our province.

British Columbians have trusted us with a mandate to deliver for them in ways that make a tangible difference in their daily lives. They expect us to listen and learn from people of different perspectives – and work together to make things better for everyone.

Specifically, we will tackle the challenges people worry about at the kitchen table:

- **Grow the economy by creating good jobs across British Columbia.** We will collaborate with businesses, workers, and communities to attract investments in both new and traditional sectors as well as emerging sectors of the economy. This approach will bring certainty for business, security for workers, and generate the wealth needed to support the essential services British Columbians rely on.

- **Reduce costs for families** including by helping people access homes they can afford through support for first-time homebuyers, increasing the supply of rental housing stock, and stronger measures to crack down on housing speculation.

.../2

Office of the Premier

Web Site:
www.gov.bc.ca

Mailing Address:
PO Box 9041 Stn Prov Govt
Victoria BC V8W 9E1

Location:
Parliament Buildings

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- **Strengthen health care** by expanding access to family doctors and recruiting and training more health professionals, ensuring that every British Columbian can access the care they need, no matter where they live. We will also increase access to addictions treatment and provide help for people whose struggles require intensive supports.

- **Make our neighbourhoods and communities safer** by working with law enforcement and social agencies to address street disorder, crack down on organized crime, and do all we can to ensure repeat offenders stay behind bars.

Our commitment to take action on climate change remains foundational and will be key to a healthy and prosperous BC for future generations.

Underlying all this work is our partnership with Indigenous peoples. Advancing reconciliation, implementing the *Declaration on the Rights of Indigenous Peoples Act* and working in partnership with First Nations rights-holders to advance shared interests is the responsibility of every Minister.

Over this mandate I expect you to prioritize making progress on the following:

- In order to protect key services that British Columbians rely on, work with your ministerial colleagues to review all existing government programs and initiatives to ensure programs remain relevant, are efficient, grow the economy, and help keep costs low for British Columbians. This is important in the context of Provincial budget constraints, proposed American tariffs and other global threats to BC families.

- Put BC on a clear path to balanced budgets and maintain the province's debt to GDP ratio as among the best in Canada.

- Continue to deliver cost of living supports for British Columbians in response to global inflation and economic uncertainty.

- Work with the Ministry of Housing and Municipal Affairs to:
    - support the construction of new purpose-built rental housing by exploring new models for capitalizing the construction of purpose built rental buildings;
    - remove barriers to financing small scale multi-unit density; and,
    - eliminate taxes that could prevent or impair the transfer of land for the purpose of developing affordable housing.

- In partnership with your ministerial colleagues, identify and deliver initiatives to support the competitiveness and growth of British Columbia's economy by supporting investment in the province, and the expansion and sustainability of existing businesses.

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- Work with the new Cabinet Committee on Community Safety to ensure that initiatives identified by the committee are prioritized and delivered by your ministry as required.

To assist you in meeting the commitments we have made to British Columbians, you are assigned a Parliamentary Secretary for Gender Equity whose focus will be to:

- Work with partners to address the national epidemic of gender-based violence as it relates to our province, and work with stakeholders to ensure that government programs and initiatives reflect the interests and concerns of people with lived experience.

- Work with the Minister of Housing and Municipal Affairs and the Attorney General to ensure that we are meeting our targets on delivering accessible transition housing for women fleeing violence, and that the justice system is responsive to the needs of survivors of gender-based violence.

You are also assigned a Parliamentary Secretary for Rural Development whose focus will be to:

- Ensure that government programs reflect the interests and concerns of rural businesses, and work with stakeholders to identify how government can support rural economic development proposals from across British Columbia to help ensure every British Columbian feels the benefit of a growing economy.

- In addition to priorities identified by rural and remote communities themselves, work with the Minister of Tourism, Arts, Culture and Sport, the Minister of Agriculture and Food, and the Minister of Jobs, Economic Development and Innovation to promote and design government programs and initiatives from these ministries in a way that rural communities can also see economic growth and benefit.

You will work closely together and ensure your Parliamentary Secretaries receive appropriate support to deliver on this work.

As you are aware, we have established an accord with the BC Green Caucus that supports our shared commitment to ensuring stable governance focused on delivering progress and tangible outcomes for British Columbians. The commitments in that accord complement the direction in these mandate letters.

As a Cabinet, we will uphold the highest standards of ethics, collaboration, and good conduct in service of the public, and as a Minister of the Crown, you are expected to review, understand, and act according to the *Members' Conflict of Interest Act*. You will

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establish a collaborative working relationship with your Deputy Minister and the public servants under their direction, who provide the professional, non-partisan advice that is fundamental to delivering on our government's priorities. Your Minister's Office must meet the highest standards for integrity and provide a respectful, rewarding environment for all staff.

The work we have ahead takes place in a profoundly challenging geopolitical environment. Close friends and neighbours to our south are contemplating imposing draconian tariffs on our products that would hurt both Americans and Canadians. Our allies internationally face governmental instability. Hate and racism are on the rise around the world. Artificial intelligence breakthroughs with unclear implications and astonishing potential are announced daily. Global inflation, snarled supply chains, and war are threatening global economic growth and prosperity as well as the transition to a low-carbon economy.

We have an obligation to protect and defend British Columbians, as well as seize opportunities, in these uncertain times.

The good news is that we have everything we need to succeed, and we will succeed. British Columbia's people – our workers, entrepreneurs, business leaders, artists, and innovators – are among the most talented in the world. We are home to world-class educational institutions and public services. Our natural beauty is unmatched, we have internationally envied resources, and we are one of the most diverse places on the planet. Your job is to help us leverage these advantages in perilous times.

Use this mandate letter to guide your work, and do not be afraid to challenge assumptions, or be innovative, bold and aggressive in achieving the goals set out for you and your Ministry by the people of this province.

Thank you for joining me in the work ahead.

Sincerely,

David Eby, KC
Premier

cc: Jennifer Blatherwick, MLA
Parliamentary Secretary for Gender Equity

Steve Morissette, MLA
Parliamentary Secretary for Rural Development

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MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
FACT SHEET

NAME: WORKFORCE – HEADCOUNT AND FTE INFORMATION

DESCRIPTION:

- On April 1, 2025, the ministry had 1,595 active employees, of which 1,557 are regular employees and 38 are auxiliary employees.
- This represents an average FTE burn of 1,574 FTE's for fiscal year 2024/25. In addition, there was an average of 1.9 FTE's of overtime.[1]

Division	April 1, 2025	Avg FTE 2024/25
Corporate Services Division	199	186
Crown Agencies Secretariat	42	42
Deputy Minister's Office	10	10
Gender Equity	14	13
Government House	17	18
Minister's Office	8	7
Office of the Comptroller General	137	135
Policy & Legislation Division	62	67
Provincial Treasury (including IRMA)	121	121
Public Sector Employers Council	19	19
Revenue Division	903	893
Treasury Board Staff	63	63
Total	**1,595**	**1,574**

[1] Headcount and FTE data is collected from HR Analytics by People & Workplace Initiatives Branch. Headcount data effective April 1, 2025 and FTE data fiscal 2024/25. Headcount data does not include employees on leave. FTE numbers are for HR reporting only and not to be compared with or used for budget purposes.

Contact: Amy McAleese, ADM/EFO **Phone:** 250 580-4768

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ISSUE NOTE

ISSUE: Housing Priority Initiatives Special Account

ADVICE AND RECOMMENDED RESPONSE:

Budget 2025 continues investments to support affordable and attainable homes across the full spectrum of housing needs, consistent with our government's commitments in the *Homes for People* plan.

KEY FACTS:

- The Housing Priority Initiatives Special Account was created to fund eligible priority housing, rental, and shelter programs. It is funded primarily through transfers of Speculation and Vacancy Tax and Property Transfer Tax revenue. Beginning in 2025/26, revenue from the Flipping Tax will also contribute to the account.
- This Special Account provides government with a strategic and flexible funding mechanism to help support housing initiatives and programs within the Fiscal Plan and in recognition of current limitations within other existing authorities (e.g., voted appropriations).
- This Special Account is under the oversight of the Minister of Finance and Treasury Board. Treasury Board must approve the amounts of Property Transfer Tax to be transferred into the Special

Account, and prior Treasury Board approval is required before any payments can be made from the Special Account.

- The following amounts were paid directly from Housing Priority Initiatives Special Account to BC Housing:
    - $386.967M in FY2020/21
    - $602.590M in FY2021/22
    - $524.528M in FY2022/23
    - $568.327M in FY2023/24
    - $510.807M in FY2024/25 (to February 2025)

BUDGET:

Budget 2025 Summary for the Housing Priority Initiatives Special Account:

Budget ($000)	2024/25 Forecast	2025/26 Estimates	2026/27 Plan	2027/28 Plan
	1,038,949	878,154	827,390	827,390
Budget 2025	**1,038,949**	**874,154**	**827,390**	**827,390**

The fiscal 2025/26 decrease in the budgeted amounts reflects uncertainty about the pace and timing of housing projects. Project delays could shift costs to future years. It is therefore

prudent to pace future growth in the plan until spending needs are more certain.

Programs that are partially funded through the Housing Priority Initiatives Special Account include Community Housing Fund, Indigenous Housing Fund, Provincial Redevelopment Plan and Metro Vancouver Housing Corporation.

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ISSUE NOTE

5 YEAR REVENUE AND EXPENSE SUMMARY

Amounts in millions

	2020/21 Actuals	2021/22 Actuals	2022/23 Actuals	2023/24 Actuals	2024/25 Forecast[1]
Revenue					
Property Transfer Tax	537.006	1,091.782	1,961.639	1,688.867	1,803.439
Speculation & Vacancy Tax	114.747	97.195	51.770	86.761	90.000
Other (interest, valuation adjustment, etc)[2]	0.114	0.291	2.379	(1.464)	(9.500)
Total Revenue	**651.867**	**1,189.268**	**2,015.788**	**1,774.164**	**1,883.939**
Expenditures					
Grants to BC Housing	651.867	731.249	722.640	955.770	1,038.939
Grants to Min. of Health		438.747	385.000	500.000	530.000
Grants to Min. of Social Development & Poverty Reduction				304.673	315.000
Grants to Min. of Agriculture		24.542			
Grants to Min. of Housing			908.148	107.286	
Total Expenditures	**651.867**	**1,194.538**	**2,015.788**	**1,867.729**	**1,883.939**

1 Amounts are forecasted totals.

2 Negative revenues relate to recovered amounts for allowances for doubtful accounts.

Contact: Amy McAleese **Phone:** 778 698-3352
Division: Corporate Services Division **Page:** 4 of 4
File Name: Housing Priority Initiatives Special Account MO_CSD_07_Housing Priority Initiatives Special Account_baj.docx

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MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ORGANIZATION OVERVIEW

NAME: Government House

BACKGROUND:

- Government House is the office and official residence of the Lieutenant Governor (LG) of British Columbia.
- Current LG, Wendy Cocchia, was sworn in on January 30, 2025.
- The House and grounds sit on 36 acres and include a seasonal museum, tea-room, cottage, bandshell, etc.
- Government House is the centre of hospitality for the province.
- Roles of the LG are constitutional, ceremonial, and promote the relationship between the Crown and Indigenous peoples and include:
    - Ensuring the continued existence of government in B.C.;
    - Summoning, proroguing and dissolving the Legislature;
    - Delivering the Speech from the Throne;
    - Providing Royal Assent to provincial legislation;
    - Signing orders-in-council, proclamations and other official documents before they have the force of law.
- The LG attends/hosts 350-500 engagements per year, with approximately 125 of those at Government House.
- Funding consists of approx. $2.5M from the Ministry of Finance annually; support from the Government House Foundation, and other endowments.

Contact: Amy McAleese, ADM/EFO **Phone:** 250 580-4768

MINISTRY OF FINANCE
CORPORATE SERVICES DIVISION
ORGANIZATION OVERVIEW

- The Government House is also partially funded by the Ministry of Citizen Services for ongoing maintenance and capital improvements to the physical property and buildings.

MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

ISSUE: BC Hydro Site C and Other Operations

ADVICE AND RECOMMENDED RESPONSE:

- The Site C Project remains on track to complete within the approved $16 billion budget and to have all six generating units operational by fall 2025.
- The first generating unit was brought online in October 2024, the second unit followed in December, the third unit in February 2025 and now the fourth unit is up and running.
- BC Hydro is working to keep cumulative customer rate increases below inflation over the next decade, including the rate impacts related to Site C as it comes into service.
- However, Site C will not provide all the electricity that British Columbia needs in future. That's why the Province is taking action to speed up expansion of the electricity grid, including the North Coast Transmission Line, while BC Hydro pursues calls for clean or renewable energy.

Contact: Doug Foster **Phone:** 250 387-9022
Division: Deputy Minister's Office

File Name: MO_DMO_01 BC Hydro Site C and Other Operations.docx

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MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

KEY FACTS:

Site C Project

Overview and Progress to December 31, 2024

https://www.sitecproject.com/sites/default/files/01_2025_03_20_SC_RPT_36_PUB_FF.pdf
https://www.sitecproject.com/third-generating-unit

- As of December 31, 2024, the Site C Project (the Project) was about 89% complete (today it is over 90% complete), remains on track to complete within the approved $16B Project budget (set in 2021), with a final in-service date for all six generating power units by November 2025.
    - As of December 31, 2024, life-to-date costs were $14.2B, with an estimated $1.8B remaining to complete the Project.
    - Key Project risks being managed by BC Hydro include commissioning of remaining power units; worker safety; costs for tunnel backfilling; and settling contractor claims. The Project budget includes a contingency reserve of $737M to address risks.
- Most of BC Hydro's capital projects, including the Site C Project, are debt financed and included as part of BC Hydro's overall capital spending and borrowing within the government fiscal plan.
- Independent dam experts continue to confirm that quality, reliability and safety are appropriate for the earth fill dam, powerhouse, spillways, and approach channel given the Project's expected life.

- BC Hydro continues to advance economic opportunities for Indigenous Nations through capacity building, employment and procurement opportunities.
    - Indigenous employment on Site C peaked in June 2023 with 539 Indigenous workers, which represented about 10 per cent of the project workforce at the time. In December 2024, there were 66 Indigenous people working on the Project, which represents about five percent of the total Project workforce.
    - As of December 2024, over $807M in directed procurement opportunities were awarded to companies designated by Indigenous Nations since the beginning of the Project.
    - Work has progressed with Indigenous Nations on development of a future cultural centre. The cultural centre project is an important accommodation for the cultural impacts of Site C.

Other Energy Procurements

North Coast Transmission Line (NCTL)

https://news.gov.bc.ca/releases/2025ECS0002-000014

- In January 2025, the government announced its intention to speed up expansion of British Columbia's electricity grid by enabling the BC Energy Regulator to act as a one-window regulator for permits necessary to support the North Coast Transmission Line (NCTL) and other high-voltage electricity transmission projects.
    - The north coast of B.C. is seeing significant growth and prospective investment in many areas, including ports, critical-

mineral exploration and mining, and LNG and hydrogen initiatives, all driving demand for clean electricity. The area is currently served by one 500-kilovolt transmission line running from Prince George to Terrace, which does not have the capacity to serve the increasing demand.

- The NCTL project will construct a new transmission line running about 450 kilometers between Prince George and Terrace. The project will be comprised of two new transmission line segments and associated towers, as well as upgrades to existing substation and capacitor station infrastructure.
    - BC Hydro is working with First Nations to identify leading routes for the new line. At the same time, BC Hydro and the Province are advancing discussions with First Nations regarding co-ownership of the transmission line.

BC Hydro's Call of Power

https://www.bchydro.com/news/press_centre/news_releases/2025/call-for-power-epas.html

- In April 2024, BC Hydro undertook a competitive Call for Power. The objectives of the Call were to acquire energy from:
    - Clean or renewable resources that were cost-effective for our ratepayers.
    - Projects that could come online as early as Fall 2028.
    - Projects that had a meaningful First Nations partnership component.
- In February 2025, BC Hydro filed an application with the BC Utilities Commission detailing Electricity Purchase Agreements signed with ten new renewable energy projects from the recent Call.

- Projects include nine wind farms and one solar project that could generate enough to power half a million new homes.
- Development and construction of these projects are expected to attract between $5 - $6B in private capital investments, creating approximately 800 to 1,500 jobs annually on average, during the construction phase across nearly every region in the province.
- All selected projects have significant First Nations ownership and nearly all have First Nations majority ownership.

BC Hydro's 2025 Budget and Fiscal Plan Forecast

https://www.bcbudget.gov.bc.ca/2025/sp/pdf/agency/bchydro.pdf
https://news.gov.bc.ca/releases/2025ECS0011-000216

Financial Plan

Summary: Financial Outlook

Consolidated Statement of Net Income[1] ($ millions)	2024/25 Forecast	2025/26 Budget	2026/27 Budget	2027/28 Budget
Net Income	572	712	712	712

- BC Hydro's net income was lower than the $712M planned for 2024/25, Government Financial Information
  Government Financial Information
- Advice/Recommendations; Government Financial Information

- In March 2025, the government announced that BC Hydro will be increasing electricity rates by 3.75% annually for the next two years, starting April 1, 2025, and April 1, 2026. This translates to an

additional $3.75 per month for the average residential household, which currently pays around $100 per month. The provincial government is directing the BCUC to implement this rate increase.
    - BC Hydro's cumulative rate increases between 2017-18 and 2026-27 are estimated to be 12.4% below cumulative inflation.
- BC Hydro is also investing $36B through its 10-year capital plan to expand and strengthen community and regional electrical infrastructure, and to ensure power can be delivered to new homes, businesses and industries.
    - BC Hydro and Ministry of Energy and Climate Solutions estimate that these investments will create economic opportunities throughout the province, including approximately 10,000 jobs for skilled workers, and generate economic growth for First Nations and communities in B.C.

MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

ISSUE: British Columbia Investment Management Corp.

ADVICE AND RECOMMENDED RESPONSE:

- BC Investment Management (BCI) operates independently in a dual accountability model under the *Public Sector Pension Plans Act*, and is responsible to its clients and the BCI Board.
- Clients set their own investment policies and determine their portfolio diversification and eligible investments. BCI's Chief Investment Officer is accountable to each client for their investment returns and for the management of their funds.
- BCI is not part of the government reporting entity as the government does not control how BCI manages its business or makes its investment decision.
- BCI currently manages more than $250.0 billion of assets and represents 29 clients, which include pension funds, insurance funds and special purpose funds.
- BCI's global portfolio is designed to withstand volatility, and it is well-positioned to navigate near-term shocks like the effects of tariffs and trade wars due to its long-term investment horizon, diversification, and healthy liquidity.

Contact: Doug Foster **Phone:** 250 387-9022
Division: Deputy Minister's Office **Page:** 1 of 7
File Name: MO_DMO_02_BC Investment Management Corporation.docx

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DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

KEY FACTS:

BCI Governance and Structure

- BCI is not part of the government reporting entity; however, the government is an investment client and BCI's sole shareholder is the Minister of Finance.
- In addition to major provincial public sector pension plans, BCI invests on behalf of key public sector and institutional entities such as ICBC, WorkSafe, TransLink and the Northern Development Trust.
    - In early 2025, BCI welcomed The Four Pillars Society, a not-for-profit organization representing 325 First Nations across Canada, as its client. The Society was established following a class action lawsuit settlement by the Canadian Government to support revitalization and protection of language, culture, heritage, and well-being for Indigenous communities.
- Under the *Public Sector Pension Plans Act* (PSPPA), BCI is required to provide the Minister of Finance with an annual business plan and an annual report on the corporation, including its audited financial statements.
- The BCI board has 7 directors:
    - one director appointed by the college pension board;
    - one director appointed by the municipal pension board;
    - one director appointed by the public service pension board;
    - one director appointed by the teachers' pension board;

  - two directors appointed by the Minister as representative of other clients of BCI; and
  - one other director appointed as Chair by the Minister.
- The PSPPA provides a unique structure that enables public sector employers and employees to take responsibility for their pension plans and share in the risks, rewards, and governance of their plans.
- BCI is responsible for generating investment returns that help its public sector and institutional clients grow and safeguard their assets.
- There are 770 permanent BCI employees with offices located in Victoria, Vancouver, New York, and London, U.K.

QuadReal Property Group (QuadReal)

- BCI established QuadReal in 2016 and maintains corporate oversight of QuadReal through its board of directors. BCI's CEO/CIO appoints the QuadReal directors; two of the seven directors are members of BCI's executive management team.
- QuadReal manages $44.0 billion of BCI's real estate programs, and its professional management team focuses exclusively on real estate opportunities and services and handles the portfolio's asset management and daily operations on behalf of BCI.

Market Overview and BCI's Response

- In 2024, high interest rates, macroeconomic uncertainty, and geopolitical instability continued to shape the global economy.

- In this environment, BCI's strategic focus on liquidity management has helped it maintain flexibility to capitalize on investment opportunities for long-term growth, even as deal and exit activity remained low across the market.
- 84% of BCI assets are internally managed, up from 59% in 2014, resulting in more cost-efficient services and a better alignment of interests relative to external managers.

BCI's Notable Direct Investments in British Columbia

- Corix Infrastructure Inc. – a leading provider of sustainable water/wastewater solutions across the U.S. and Canada and has been held by BCI since 2006.
- Photonic Inc. – a quantum computing company that is building a scalable, fault-tolerant, unified quantum computing and networking platform. The company's next-generation quantum technologies are uniquely based on proven spin qubits in silicon with a native telecom networking interface and the manufacturability of silicon.
- Global Container Terminals – an investment held by BCI since 2018, is a leading global container operator headquartered in Vancouver that offers the infrastructure to import/export goods via two state-of-the-art West Coast terminals.
- InTransit BC – held by BCI since 2005 it designed, built, partially financed, operates, and maintains the Canada Line Sky Train in

Vancouver through a 35-year concession agreement on behalf of TransLink.

- Mosaic Forest Management – BCI and a consortium of Canadian investors created Mosaic in 2018 to manage the affiliation of two timber companies in B.C. — TimberWest Forest Corp. and Island Timberlands Ltd. Partnership.

QuadReal's Notable Direct Investments in British Columbia

- Oakridge Park – a 28-acre transit-oriented redevelopment of a high-profile legacy shopping centre that will become the second official Town Center of Vancouver outside the downtown.
- Parkbridge Lifestyle Communities – a portfolio of approximately 100 residential and RV camping and cottage resort portfolios in B.C., Alberta, Ontario, Quebec, Nova Scotia, and New Brunswick.
- The Post – an historical Downtown Vancouver landmark that was previously the regional facility for Canada Post and has been transformed into a mixed-use office and retail space, with Amazon as the anchor tenant.

Environment, Social and Governance (ESG)

- BCI integrates ESG considerations into its investment due diligence and asset management processes. BCI and its clients share the belief that companies employing robust ESG practices are better positioned to generate long-term value.
- BCI's Climate Action Plan affirms its commitment to supporting the

global goal of achieving net-zero emissions by 2050, as well as strengthening the supporting actions identified for its four focus areas: engage and advocate; integrate; seek opportunities; and manage risk.

- BCI set a specific engagement goal to ensure that, by 2030, at least 80 per cent of its most carbon-intensive investments have set net-zero aligned commitments or are being engaged by BCI.
- BCI is focusing on capturing opportunities arising from the transition to a low carbon economy, while also protecting its clients' portfolios from undue physical and transition risks.

BCI Reporting

- BCI will submit its 2025-2027 Business Plan to the Minister of Finance in spring/early summer 2025.
- BCI will publicly release its fiscal 2024/25 Corporate Annual Report, including annual ESG and climate reporting, in late June 2025.

Issues Summary

Tariffs

- BCI has strong protocols in place to help manage risk through market volatility and uncertainty. It is actively modelling a range of potential scenarios related to tariffs, including a further escalation in the trade war.
- BCI's global portfolio is designed to withstand volatility, and it is

well-positioned to navigate near-term shocks due to its long-term time horizon, diversification, and healthy liquidity.

- BCI clients have spent many years diversifying across asset types and geographies, building portfolios that can deliver greater risk-adjusted returns, and greater resilience.
- Ample liquidity serves as a buffer against current headwinds and enables BCI to continue pursuing attractive investment opportunities during market downturns without needing to sell assets.

U.S. Exposure

- As a long-term investor, diversified across asset classes and strategies, BCI is well positioned to weather the risks coming out of the U.S.
- About 43% of BCI's assets under management are in the U.S.
- As the largest economy in the world, investing in the U.S. is integral to managing a globally diversified portfolio.

Canadian Exposure

- Canada is a key part of BCI's portfolio, with over 30% of BCI assets under management invested domestically.
- BCI continues to seek opportunities that meet its client's risk-return requirements at home and around the world.

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DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

ISSUE: British Columbia Prosperity Fund

ADVICE AND RECOMMENDED RESPONSE:

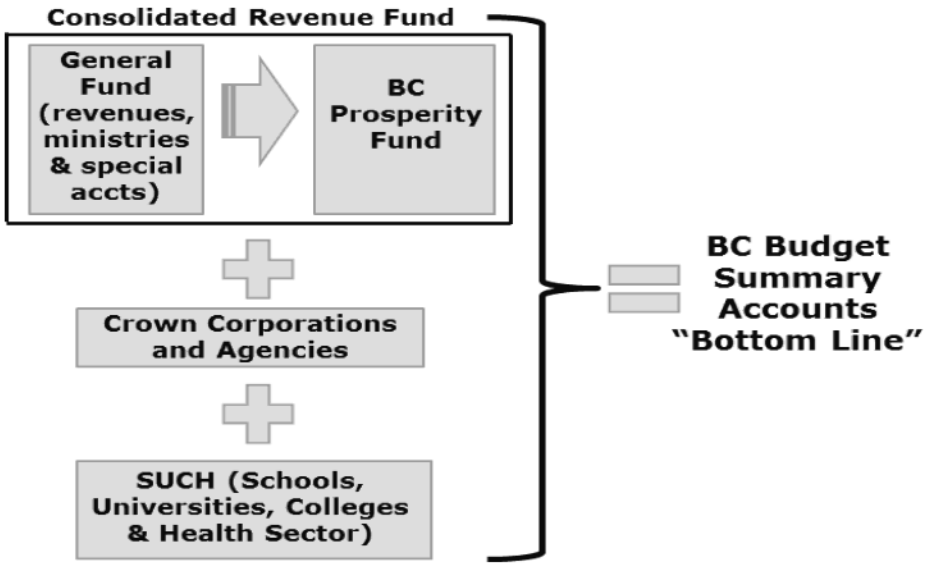
- The BC Prosperity Fund remains part of the Province's overall investment portfolio and annual investment income is part of government's bottom line.
- Preliminary unaudited results show that Fund balance was $620.7 million as of March 31, 2025, and will be confirmed when we issue our 2024/25 audited *Public Accounts* later this summer.
- The government has not made decisions on use of the Fund at this time. However, it will be considered as part of broader fiscal planning in the near – to medium-term.
- The Fund also remains available to provide liquidity support to the Province in times of economic uncertainty.

KEY FACTS:

- The Fund balance consists of $500M of capital infusions from government's 2015/16 fiscal surplus; and $120.7M from investment income earned to date.
- The Fund is part of the government's Consolidated Revenue Fund with annual investment income and spending (excluding debt

reduction) included as part of government's bottom line results reported in the annual Budget, Estimates and Public Accounts.

FIGURE 1: Components of BC Budget Summary Accounts



- Permitted legislative Fund allocations oversee by Treasury Board:
  - 25% of the total of all amounts transferred to or earned by the Fund must be retained by the Fund;
  - 50% (or 2/3 of the remaining 75%) must be used for reducing provincial taxpayer-supported government debt; and
  - 25% is available for priority spending including capital and operating improvements in health care, education, transportation and job training, and providing family supports.
- The Fund has real assets which are externally invested with

Scotiabank, following Treasury Board approved policies.

  - The initial asset allocation policy weighting requires at least 75% of the fund to be invested in short term fixed income deposits and permits a maximum of 25% of the fund to be invested in 1–5-year duration fixed income deposits.
  - While it has not yet been decided on the long-term future of the Fund, Provincial Treasury continues to prudently manage the Fund with maximum liquidity, which impacts the yield. Longer-term investments could result in higher yields.

- As per *Budget 2025*, the government does not expect budgetary surpluses to be a source of potential transfers to the Fund. This reflects government's near–term priorities of affordability, healthcare, housing and other essential service areas.
- The government has not made decisions on the longer-term use of the Fund at this time. However, it could be considered as part of broader fiscal planning in the near – to medium-term, which includes offsetting taxpayer-supported capital spending or reducing to taxpayer-support debt.

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ISSUE NOTE

ISSUE: TransLink Support

ADVICE AND RECOMMENDED RESPONSE:

- We know TransLink is facing significant annual operating deficits as costs and demand for service have increased.
- Since 2017, the Province has committed more than $11 billion in operating and capital funding to keep TransLink running through the pandemic, to rebuild ridership and to help with investments in new projects, such as the Surrey-Langley Skytrain and Broadway Subway projects.
- Our latest operating investment of $312 million at the end of 2024/25 is one piece of addressing TransLink's challenges and we will continue to work with TransLink and the Mayors' Council on a long-term funding solution leading up to 2027.
- Along with TransLink's other revenue sources, provincial funding will help ensure stable transit service over the next three years while also enabling targeted service expansion to ensure that people in Metro Vancouver have access to the transit services they need.

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ISSUE NOTE

KEY FACTS:

https://www.translink.ca/-/media/translink/documents/plans-and-projects/ten-year-investment-plan/public-consultation/2025-investment-plan-discussion-guide.pdf

TransLink's Current Structural Deficit – How Did We Get Here?

- TransLink's operations are funded through transit fares, property tax, motor fuel tax, an off-street parking sales tax, a small levy on residential electricity, commercial advertising revenues, investment income, and other sources.
- TransLink has received operating relief funding from the provincial and federal governments through the pandemic and during post-pandemic recovery. Capital funding is shared among the region, the Province and the federal government.
- TransLink is currently facing significant operating funding shortfalls beginning in 2026, averaging more than $600 million annually. The three largest contributors to the structural deficit are:
    - Declining fuel tax revenue due to increasingly fuel-efficient cars and trucks and the accelerating transition to zero-emission vehicles;
    - Lower transit fare revenues due to structural changes in ridership and fare increases held below the rate of inflation during the pandemic and until 2024; and
    - Higher costs due to rising inflation that emerged over the past few years and impacted including labour, fuel, materials and construction costs.

- The 2022 and 2024 TransLink Investment Plans ensured that TransLink remained financially stable through 2025, helped by relief operating contributions from the provincial and federal governments and some property tax increases. However, senior government operating assistance is now used up.

TransLink's Proposed 2025 Investment Plan

- The Province, TransLink and the Mayors' Council have worked together on TransLink's 2025 Investment Plan, which reduces TransLink's structural deficit by about half and ensures that TransLink is fully funded until the end of 2027. Measures include:
    - A transit fare increase of five per cent in July 2026 followed by two per cent increases annually. This amounts to a $0.14 increase for an average trip in 2026.
    - An increase in the YVR AddFare by $1.50 in July 2026, followed by two per cent increases annually. This will be the first increase in this fare since its inception in 2009.
    - Two changes to TransLink's property tax revenue, in addition to the continuation of the 2024 property tax increase approved in the 2024 Investment Plan:
        - An additional 0.5 per cent increase to the median household's property tax in 2025, which equates to $20 for the median household. TransLink expects this to raise an additional $44 million annually; and

        - In 2027, an additional increase of $160 million in property tax revenue (an increase of 22 per cent). TransLink's total property tax revenues will also grow by 4.15 per cent annually, plus an amount based on annual development growth.
    - An increase in off-street parking taxes from 24 per cent to 29 per cent (pending approval of a *Budget 2025* legislative change by the provincial Legislative Assembly).
    - $90 million in annual TransLink cost efficiencies that reduced headcount by eliminating corporate roles, reduced outsourcing contracts by bringing more services in-house, and increased fare evasion enforcement, among other actions.
    - A one-time operating contribution by the Province of $312 million at the end of 2024/25. The Province has also committed, subject to approval of the Legislature, to enable an additional revenue source(s) in 2027. If passed, the new source(s) is intended to begin in 2027.
- TransLink's proposed 2025 Investment Plan services include:
    - Maintain services and increase services to critical underserved and overcrowded routes;
    - Design of three BRT corridors;
    - Additional HandyDART trips in response to growing ridership;
    - Adding West Coast Express train cars to address customer demand;

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- More funding for the Major Road Network, including funding to address the deterioration of road conditions in many areas of the region;
- Continuing investments in local active transportation infrastructure and bus priority infrastructure, which also speeds up bus service and makes it more cost-efficient to deliver; and
- Making progress on the Mayor's Council *Access to Everyone Plan.*

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ISSUE NOTE

ISSUE: ICBC

ADVICE AND RECOMMENDED RESPONSE:

- In *Budget 2025*, ICBC showed a revised net income forecast of $1.4 billion in 2024/25. This compares to planned net income of $0 – or breakeven for the year – in *Budget 2024*, and net income of $1.4 billion in 2023/24.
- The forecast improvement reflects higher-than-planned investment earnings and lower than expected claims costs.
- These exceptional results enabled ICBC to issue a rebate of $110 to eligible customers, consistent with the rebate issued for 2023/24 and helping to make insurance more affordable.
- Going forward, ICBC expects net income of $800 million in 2025/26, followed by forecast surpluses of $700 million in each of 2026/27 and 2027/28, mainly reflecting an assumed return to long-term investment trends.
- However, ICBC's investment earnings have become a particular source of volatility, and we are continuing to keep a close eye on this area in light of uncertainty in global investment markets.

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File Name: MO_DMO_05_ICBC.docx

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KEY FACTS:

https://www.icbc.com/assets/en/5aegiwGF1VorU2tAkpZDSj/ar-26.pdf

Financial Summary

($Millions)	2023/24 Actual	2024/25 Forecast	2025/26 Budget	2026/27 Plan	2027/28 Plan
Net income	1,399	1,400	800	700	700

Third Quarter Forecast – 2024/25

- The Q3 forecast was $1.4 billion (B) better than planned and reflects:
  - Stronger investment income due to growth in equity markets; and
  - Lower numbers of injury and material damage claims than expected.
- These exceptional results are enabling ICBC to issue a rebate of $110 to eligible customers, consistent with the rebate issued for 2023/24. This translates into a total cost (revenue reduction and administration costs) of $410 million.
  - After the rebate, ICBC's unaudited net income is estimated at approximately $1.4B in 2024/25, all of which will flow into ICBC's capital reserve thus helping with financial sustainability in the near to longer-term.
  - A key risk to the year-end forecast is the volatility of investment markets due to current geopolitical/trade uncertainties.

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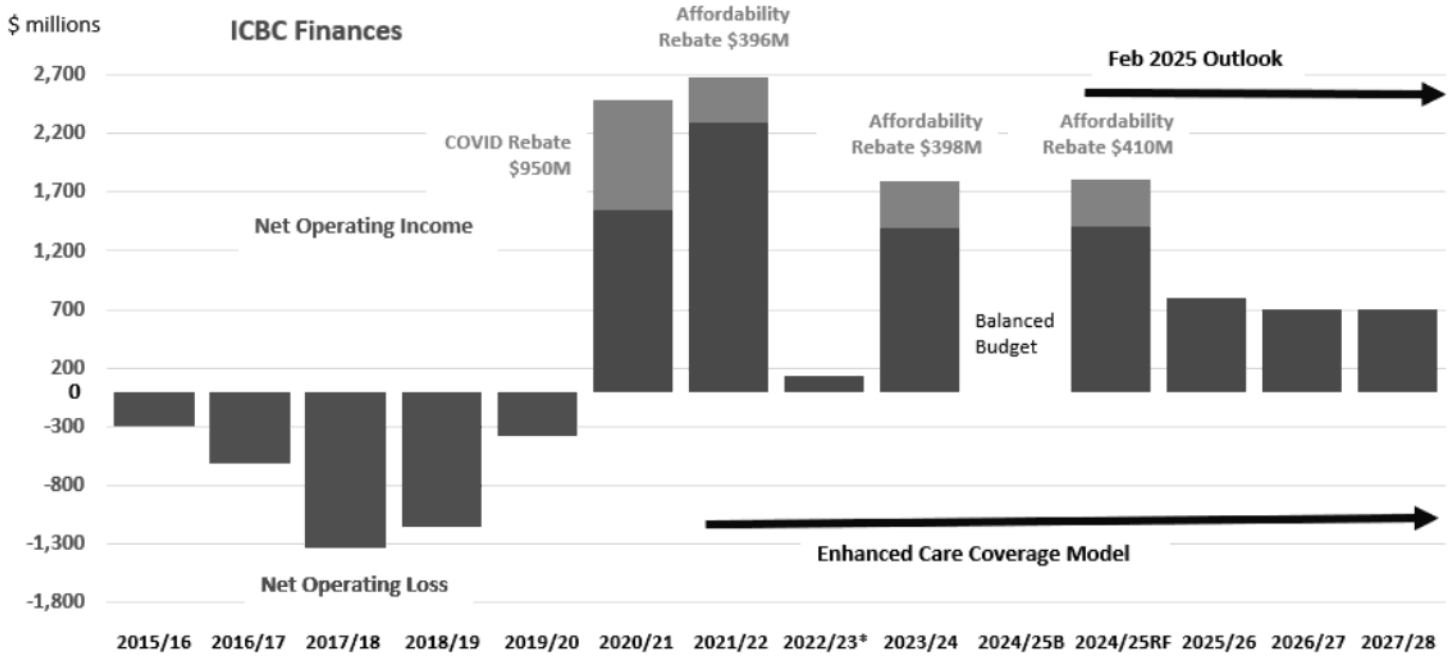
Outlook – 2025/26 – 2027/28

- ICBC expects net income of $800 million in 2025/26, followed by forecast surpluses of $700 million in each of 2026/27 and 2027/28.
    - Investment income is expected to normalize as the equity markets are assumed to stabilize around the historical average. Interest rates have also fallen, resulting in higher short-term gains but lower yields for fixed income assets going forward.
    - However, a key risk to the forecasts is the volatility of investment markets due to current geopolitical/trade uncertainties.
    - In May 2024, the BCUC was directed to exempt ICBC from filing a general rate change order by December 2024. This means that ICBC will keep Basic rates unchanged for another year in 2025/26, making it six years in a row with no basic rate increase. Basic rates were last increased in 2019.
    - As expected, with the implementation of the Enhanced Care model on May 1, 2021, lower claims costs have continued to benefit ICBC's customers through lower premiums.
    - While the favourable overall claims trends observed in 2024/25 are reflected in the claims estimates for 2025/26 – 2027/28, considerable risk remains regarding the frequency of crash claims and future severity of crash claims.

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ICBC's Fiscal Sustainability

- ICBC continues its path to financial sustainability and is building its capital reserves that will help sustain ICBC's finances into the future while keeping public auto insurance costs affordable for British Columbians. The chart below provides some context.



* Reflects a restatement from a previously reported $197M deficit, due to ICBC's adoption of International Financial Reporting Standards (IFRS) in 2023/24.

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DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

ISSUE: FIFA World Cup 2026 Vancouver

ADVICE AND RECOMMENDED RESPONSE:

- The FIFA World Cup 26™ is the largest single-sport event in the world. With seven matches hosted in Vancouver, this will be a significant boost to B.C.'s tourism and accommodation sector, as well as the Province's economy overall.
- The initial contribution of $116 million announced by the federal government in April 2024 is a great start and we expect that it will remain committed to supporting a safe and successful delivery of FIFA World Cup 26™ matches.
- We know that there are still many unknowns that can affect total FIFA World Cup 26™ costs in Vancouver such as safety and security and how much revenue that can be raised.
- We are watching this area closely and the Minister responsible will be providing updates on planning, costs, revenues, risks and benefits as we get closer to the event.
- The City of Vancouver is the first to use a new Major Events Municipal and Regional District Tax and this tool is helping the City to cover its costs of hosting matches in the city.

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KEY FACTS:

Overview

- In June 2022, Vancouver was selected as a Host City for seven FIFA World Cup 2026 (FWC 2026) matches. The City, Parks Board and B.C. Pavilion Corporation (BC Place Stadium) each signed binding agreements with FIFA, along with the Vancouver Airport Authority.
- Work continues with FIFA and across various governments, First Nations and public agencies to further define requirements, develop plans and refine estimates of costs, revenues and risks to be managed leading up to and during the event period.

Economic Benefits

https://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/sports/fifa_2026_economic_impacts_and_long_tail_march_2024.pdf

- In March 2024, the Province, BC Stats and Destination BC developed updated estimates of potential economic impact benefits of hosting seven FWC 2026 matches in Vancouver.
- Estimated economic impact benefits include an expected 350,000 event visitors to B.C. Place during the event. During the event and the five years following (2026-31), the modelling shows:
  - $1 billion added to provincial GDP
  - Over one million additional out-of-province overnight visitors
  - Over $1 billion in additional visitor spending
  - $224 million (M) in potential direct, indirect, and other related (induced) provincial tax revenues

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Costs and Revenue Estimates of FWC 2026 Matches in Vancouver

https://news.gov.bc.ca/files/FIFA_BG2_BC.pdf

https://news.gov.bc.ca/files/FIFA_BC_CoV.pdf

- In 2022, government estimated the total costs of hosting FWC 2026 five matches in Vancouver at $240 – $260 M. This included costs for both the City and BC Place Stadium only, and the City's expected costs were estimated at about one-half that amount.
- In January 2023, the City provided a public update that showed the City's estimated net costs at $230 M for planning, staging and hosting five FWC 2026 matches. The estimate reflected significantly higher-than expected inflation and more detailed planning, including FIFA site visits, public safety and security and other hosting assessments.
- In April 2024, the Province provided an update on core hosting cost estimates with a range of between $483 M and $581 M. This includes costs for the City, PavCo, third parties and the Province. The estimates also reflected the addition of two matches as announced by FIFA.
- Costs are also expected to be offset by $383 M to $436 M of estimated revenues and recoveries, including:
  - Close to $116 M announced by the federal government in April 2024 for core operational and capital costs;
  - $230 M from the additional Major Events Municipal and Regional District Tax (MRDT) established in the City in February 2023; and
  - $37 M to $90 M in anticipated revenue from other sources, such as rental fees, the Fan Festival, and FIFA's commercial program including the Host City Supporters/Donors/Champions program.

- Further details are shown in Appendix 1. The Province is working with all partners to manage costs, revenues and risks. The Ministry of Tourism, Arts, Sport and Culture intends to provide a public update with its partners in Spring 2025, as previously publicly committed.

Indigenous Participation

https://council.vancouver.ca/20240424/documents/cfscM2.pdf

- The Vancouver FWC 2026 Secretariat and the Province are currently working with the Musqueam, Squamish and Tsleil-Waututh (MST) leadership to determine their role in the planning and delivery of FWC 2026 matches and other related events in Vancouver.

Provincial Funding

- Planning is still progressing and there remain many uncertainties. Provincial funding will be provided as needed through the Contingencies and Capital Funding votes, as detailed plans are developed and reviewed by Treasury Board.
- Below is an extract of Table 1.8 – Capital Projects Greater Than $50 M on page 48 of *Budget 2025*. The table shows that BC Place Stadium improvements to support hosting FWC 2026 matches are estimated at $109 M and will be completed by early 2026.

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Table 1.8 Capital Expenditure Projects Greater Than $50 million [1]

Note: Information in bold type denotes changes from the *Fall 2024 Economic & Fiscal Update* released on December 17, 2024.

($ millions)	Year of Completion	Project Cost to Dec. 31, 2024	Estimated Cost to Complete	Anticipated Total Cost	Project Financing: Internal/ Borrowing	P3 Liability	Federal Gov't	Other Contrib'ns
Other taxpayer-supported								
FIFA World Cup 2026 - Stadium Capital Improvements ...	**2026**	**32**	**77**	**109**	**109**	-	-	-

[1] Only projects that receive provincial funding and have been approved by Treasury Board and/or Crown corporation boards are included in this table. Ministry service plans may highlight projects that still require final approval. Capital costs reflect current government accounting policy.

Major Events Municipal and Regional District Tax (MRDT)

https://news.gov.bc.ca/releases/2023FIN0007-000098

- The City of Vancouver is the first to use a new tool to help cover the costs of hosting a major internationally recognized tourism event.
- Further to the City's application in early 2023, effective February 1, 2023, the Province introduced an additional Major Events MRDT of 2.5% (i.e., $2.50/$100 of room charge) on purchases of accommodation in the City. This is being applied over seven years to help the City cover its estimated costs of planning, staging and hosting FWC 2026 matches in Vancouver. This in addition to the current 3% MRDT collected on behalf of Destination Vancouver.
- The Province, in consultation with Destination Vancouver, estimated that approximately $230 M will be raised from the additional Major Events MRDT in Vancouver over 7 years.
- The additional Major Events MRDT is available to other communities looking to fund eligible major internationally recognized events with the potential to draw significant international visitation to the

province. The Ministry of Tourism, Arts, Culture and Sport is assessing interests of other cities in the Metro Vancouver area for planned FWC 2026-related activities and additional funding needs.

- At this point, a key current risk for hosting FWC 2026 matches in Vancouver (and in North America more broadly), and realizing tourism and other related economic benefits, is the unknowns from evolving global geopolitical and trade uncertainty.

Appendix 1 – April 2024 Public Update on FIFA 2026 Costs

https://news.gov.bc.ca/files/FIFA_BG2_BC.pdf

Table 1 - Summary of Core Cost and Revenue Estimates, All Parties

	Range ($ millions)	
	Low	High
Estimated gross core hosting costs	483	581
Estimated revenues, recoveries and contributions	(383)	(436)
Estimated net core hosting costs	100	145

Table 2 – Gross Core Hosting Cost Estimates, By Party

Party	Gross Cost Estimate Range ($ millions)		Included
	Low	High	
City of Vancouver	246	246 + 30 in pressures*	Integrated public safety and security within hosting area, team training sites, FIFA Fan Festival™, decoration and brand protection, traffic and stadium zone management, and other required municipal services.
PavCo (BC Place Vancouver)	149	196	Capital costs for stadium improvements and operational costs during the tournament
Province and other public sector entities	88	109	Other core hosting costs including essential services required to support the City. These include provincial safety and security, transportation, emergency management, and health services.
Total Gross Core Hosting Cost Estimate	**483**	**581**	

*City cost pressures expected to be offset by potential additional commercial program revenues or cost savings.

Table 3 – Gross Revenue, Recoveries and Contributions Estimates, by Source

Gross Revenue Source	Revenue Estimate Range ($ millions)		Included
	Low	High	
Federal contribution	116	116	Canada's initial contribution to support core hosting capital and operating costs. Additional federal contributions to support legacy and reconciliation initiatives are expected.
Additional Major Events Municipal and Regional District Tax (MRDT) *	230	230	Additional 2.5% tax applied to traveller overnight accommodation in City of Vancouver effective Feb. 1, 2023, for an estimated term of seven years.
City of Vancouver/ Parks Board *	16	46	Includes venue rental fees, Host City Commercial program revenue opportunities, City of Vancouver's expected $5M contribution and other revenues.
Other Revenues	21	44	Includes other assumed revenues such as transportation and stadium rental fees and recoveries.
Total Revenue, Recoveries and Contribution Estimate	**383**	**436**	

*Revenues will be used to offset City hosting costs.

MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

ISSUE: Natural Gas Development in B.C.

ADVICE AND RECOMMENDED RESPONSE:

- The Province values the energy industry and supports those who are partnering with First Nations and respecting our Province's environmental commitments.
- LNG Canada Phase 1 is now complete and will be in-service later this year. LNG Canada is now exploring Phase 2.
- Woodfibre LNG construction is underway, as is construction on Cedar LNG, the largest First Nations majority-owned infrastructure project in Canada.
- Ksi Lisims, a partnership with the Nisga'a Nation, is working through regulatory processes. FortisBC is well advanced with its Tilbury LNG expansion plans, while Enbridge Inc. is planning significant pipeline upgrades and expansions.
- We are pursuing energy opportunities that make sense for our future and meet our conditions for development.
- These projects provide new investments, new jobs, new revenues to help fund important provincial services and will help increase trade diversification for our province.

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MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

KEY FACTS:

Following is an update on key B.C. natural gas development projects:

LNG Canada Phase 1

https://www.lngcanada.ca/news/news-stories/

- A partnership among Shell, Petronas, PetroChina, Mitsubishi Corporation and KOGAS. This is a 2-train facility and marine export terminal located in Kitimat, B.C. and includes associated pipelines and infrastructure (Coastal GasLink). The Project:
  - Received a positive FID in October 2018.
  - Has a capacity of up to 14 million tonnes of LNG per year.
  - Has a total estimated cost of about CDN $40.0 B for upstream development, mid-stream pipeline and facility.
  - Could generate up to $23 billion (B) in government revenue over 40 years.
  - Reached a peak construction workforce of over 9,000 in 2023/24.
  - Will be powered by natural gas.
  - Received its first cargo of LNG in April 2025 for the purpose of testing equipment and will begin exporting LNG in mid-2025.

LNG Canada Phase 2

- Same partnership as Phase 1 and includes a 2-train addition to the facility with changes/extensions to the pipeline. The Project:
  - Could double the capacity of Phase 1.

- Has approval under an existing Environmental Assessment Certificate.
- Will receive its natural gas from the Coastal GasLink pipeline.
- Business Information

Cedar LNG (Haisla-Pembina)

https://www.cedarlng.com/cedar-lng-announces-positive-final-investment-decision/

https://www.cedarlng.com/government-of-canada-announces-support-for-cedar-lng/

- A partnership between Haisla Nation and Pembina. This is a floating facility and marine export terminal located in Kitimat, B.C. and includes associated pipelines and infrastructure. The Project:
  - Received a positive FID on June 25, 2024, and started construction July 2024.
  - Has a capacity of 3.3 million tonnes of LNG per year.
  - Has a total estimated cost of about US$4.0 B ($5.5 B CDN).
  - Will employ up to 500 people during peak construction and approximately 100 full-time people during facility operation.
  - Is anticipated to be in service in late 2028 and last 40 years.
  - Will be powered by electricity from BC Hydro.
  - In March 2025, received a contribution commitment under the federal Strategic Innovation Fund of up to $200 M.

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DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

Woodfibre LNG

https://woodfibrelng.ca/news/?_paged=12

https://www.canadianenergycentre.ca/final-pieces-falling-into-place-for-woodfibre-lng-as-construction-set-to-start/#:~:text=The%20final%20pieces%20are%20falling,LNG%20that%20Woodfibre%20will%20produce.

- A partnership 70 per cent held by Pacific Energy Corporation Limited and the remaining 30 per cent by Enbridge Inc. The Project includes includes construction of a liquefaction train, a floating LNG storage and offloading unit, an air-cooling system, and marine docking facilities for LNG carriers. The Project:
    - Started construction in 2024.
    - Has a capacity of 2.1 million tonnes of LNG per year.
    - Has a total estimated cost of about $6.8 B CDN (facility and related pipeline).
    - Will directly employ an estimated 650+ jobs/year of the two-year construction period and 100+ local jobs during operation.
    - Is anticipated to be in service in 2027 and last 40 years.
    - Will be powered by electricity from BC Hydro.
    - Is the first industrial project in Canada to recognize a non-treaty Indigenous government, the Squamish Nation, as a full environmental regulator.

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DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

Ksi Lisims LNG and Prince Rupert Gas Transmission Pipeline

https://projects.eao.gov.bc.ca/p/60edc23bc69c5e0023a12539/project-details

https://www.ksilisimslng.com/

https://projects.eao.gov.bc.ca/api/public/document/66d0f1644ed05c002263fa8e/download/25_KsiLisimsLNG_7.10_Employment_and_Economy_Final.pdf

https://www.nsenergybusiness.com/projects/ksi-lisims-lng-british-columbia-canada/

- Nisga'a Nation, Rockies LNG Limited Partnership and Western LNG LLC proposes to jointly develop Ksi Lisims LNG, a liquified natural gas processing plant and marine terminal, located on the northern end of Pearse Island on the northwest coast of B.C. The Project includes up to two floating liquid natural gas structures, and:
    - Has a capacity of up to 12 million tonnes of LNG per year.
    - Will directly employ an estimated 800 jobs/year at peak construction and 150-250 jobs during operation.
    - With regulatory approvals and final investment decisions by the project partners, construction could begin in 2025 with the site operational in 2029.
    - Has a total estimated cost of about $9 – 11 B CDN.
    - Will be powered by electricity from BC Hydro.
    - Will be supplied through the Prince Rupert Gas Transmission (PRGT) pipeline, owned by Nisga'a Nation in partnership with Western LNG. PRGT is working with relevant agencies and is engaging with Indigenous groups.

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DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

Tilbury LNG Phase 2

Tilbury Phase 2 LNG Expansion Project Environmental Assessment Certificate Application

- The Tilbury LNG facility is owned and operated by FortisBC (Fortis). The facility has been in operation since 1971 and supports energy needs in the Lower Mainland. Fortis is continuing to expand the facility (Phase 1B), which includes up to 0.65 million tons of incremental liquefaction capacity to meet rising demand for LNG as a marine fuel. In addition, a new planned Tilbury LNG Phase 2 expansion project:
  - Has a capacity of up to 2.5 million tonnes of LNG per year.
  - Is estimated to directly employ over 2,000 jobs/year during a 6-year construction period and 100 jobs during operation.
  - Could begin construction in 2027 (following Phase 1B), with operations commencing in 2030.
  - Has a total estimated cost of about approximately $3.1 B CDN.
  - Will be powered by electricity from BC Hydro.
  - Will be supplied by Enbridge through its southern pipeline expansion.

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DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

Enbridge Inc.

https://www.enbridge.com/~/media/Enb/Documents/Investor-Relations/2025/2025_ENB_Day_Combined_Presentation.pdf?rev=e8d30c8175284e25b6c69b362a424c9d&hash=004645D9EBD9C75D2BCD9DD16BABE4C4

- Enbridge is planning $5.6 B CDN of capital investments in natural gas pipeline capacity expansions in B.C. over the next five years:
  - T-North expansion (Aspen Point) – adding approximately 500 million cubic feet/day of capacity; to be completed in 2026; and with a capital investment of $1.2 B CDN.
  - T-North expansion (Birch Grove) – adding approximately 200 million cubic feet/day of capacity; to be completed in 2028; and with a capital investment of $0.4 B CDN).
  - T-South expansion (Sunrise) – adding approximately 300 million cubic feet/day of capacity; to be completed in 2028; and with a capital investment of $4.0 B CDN. This expansion will help supply gas to Woodfibre LNG.

MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

ISSUE: Mining Development in B.C.

ADVICE AND RECOMMENDED RESPONSE:

- The Province values the mining industry in B.C. and supports those who are partnering with First Nations and respecting our Province's environmental commitments.
- Our rich mineral deposits, world-class infrastructure and clean and affordable energy continue to make B.C. an attractive jurisdiction for investors.
- Right now, we are pursuing ways to fast-track critical minerals projects like the Highland Valley, Red Chris, Eskay Creek and Mount Milligan mine expansions.
- We expect that these projects will provide new investments, new jobs, new revenues to help fund important provincial services and will help increase trade diversification for our province.

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Division: Deputy Minister's Office

File Name: MO_DMO_08_Mining Development.doc.docx

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MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

KEY FACTS:

The following is an update on some key B.C. mining development projects. Grey shading highlights items that were identified in the Premier's list of 18 key priority projects for fast-tracking:

Highland Valley Copper (HVC 2040)

https://www.teck.com/operations/canada/projects/hvc-mine-life-extension-project/
https://projects.eao.gov.bc.ca/p/5cd9b4b56a15600025df0cc8/project-details
https://projects.eao.gov.bc.ca/api/public/document/6716e239c5e2750022d30090/download/HVC%20MLE%20Assessment%20Report%20Draft%20-%20All%20Sections%20Combined_to_PCP.pdf

- Owned by Teck Resources, this project is an extension of the HVC open-pit mine located approximately 17 km west of Logan Lake and 75 km southwest of Kamloops. The Project:
  - Is a critical mineral mine and produces copper and molybdenum.
  - Has an expected mine life of 18 years.
  - Has an estimated **capital cost of about CDN $1.9 B**.
  - Is estimated to provide **2,900 jobs during the construction period and 1,500 jobs during operation**.
  - Is in the Environment Assessment review process and has targeted 2028 to begin operations.
  - Is identified on the Premier's list of 18 priority projects for fast-tracking.

MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

Red Chris Block Cave Expansion

https://projects.eao.gov.bc.ca/p/588510c4aaecd9001b8155e3/amendments
https://www.newcrest.com/sites/default/files/2021-10/211012_Red%20Chris%20Block%20Cave%20Pre-Feasibility%20Study%20confirms%20Tier%201%20potential%20%E2%80%93%20Market%20release%20_0.pdf

- Owned by a Newmont and Imperial Metals partnership. This project is an expansion of an open-pit mine to an underground block-cave environment [1] located approximately 18 kilometres southeast of Iskut, B.C., in the Deas Lake area. The Project:
  - Is a critical mineral mine and produces copper, gold and silver.
  - Has an expected mine life of 31 years.
  - Has an estimated **capital cost of about CDN $2.6 B**.
  - Is estimated by the Ministry of Mining and Critical Minerals to provide **500 jobs during operations** (an estimate of jobs during the construction period is not available).
  - Is in the Environment Assessment review process and has targeted 2028 to begin operations.
  - Is identified on the Premier's list of 18 priority projects for fast-tracking.

[1] *Block cave mining is an underground mass mining technique used to extract large, low-grade ore deposits, particularly those with substantial vertical dimensions. It involves undercutting a section of ore, creating a void, and then allowing the overlying ore to collapse under its own weight. The broken ore then falls into funnels (drawbells) for extraction.*

MINISTRY OF FINANCE
DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

Eskay Creek Revitalization Project

https://skeenagoldsilver.com/eskay-creek/project-development-infrastructure/
https://skeenaeskaycreek.com/site/assets/files/5815/2022_08_10_eskay_creek_revitilization_final_dpd.pdf
https://skeenaeskaycreek.com/site/assets/files/5822/continuing_the_legacy_brochure_-_web_-_aug30-2024.pdf

- Owned by Skeena Resources, this project is a revitalization of the past Eskay Creek open-pit mine site located approximately 135 kilometres south of Iskut, B.C. and 83 kilometres northwest of Stewart. The Project:
  - Is a critical mineral mine and produces gold, silver, zinc, antimony and copper.
  - Has an expected mine life of 12 years.
  - Has an estimated **capital cost of CDN $713 M.**
  - Is estimated to provide **790 jobs during the construction period and 410 jobs during operation**.
  - Is in the Environment Assessment review process and has targeted 2027 to begin operations.
  - Is identified on the Premier's list of 18 priority projects for fast-tracking.

Mount Milligan Expansion

https://www.centerragold.com/news-releases/2024/centerra-gold-announces-mount-milligan-mine-life-extension-and-additional-agreement-with-royal-gold/
https://projects.eao.gov.bc.ca/api/public/document/67d4791f779487002263abcb/download/MTM%20Application%20Summary.pdf
https://projects.eao.gov.bc.ca/api/public/document/67e71eaa0c39da0022163f81/download/2025_03_28_milligan_tcmc_sec_1.0_proj_overview_fin.pdf

- Owned by Thompson Creek Metals Company (wholly owned by

Centerra Gold Inc.), this project is an extension of the open-pit mine located in north-central B.C., approximately 155 kilometres Northwest of Prince George, and 90 kilometres west of McKenzie, BC. The Project:

- Is a critical mineral mine and produces copper and gold.
- Has an expected mine life extension of 7 years (to 2035).
- Has an estimated **capital cost of about CDN $400 M.**
- Is estimated to **sustain 575 jobs during extension operation (**an estimate of jobs during the construction period is not available).
- The Environment Assessment review process is complete, and the mine has a target of early 2026 to begin operations.
- Is identified on the Premier's list of 18 priority projects for fast-tracking.

Cariboo Gold Project

https://news.gov.bc.ca/releases/2024MCM0001-001595
https://projects.eao.gov.bc.ca/p/5d40cc5b4cb2c7001b1336b8/project-details?currentPageActivities=3
https://projects.eao.gov.bc.ca/api/public/document/5f9c9327634ae000214bd1b9/download/Cariboo%20Gold%20DPD%20October%202020.pdf
https://osiskodev.com/projects/cariboo-gold/
https://osiskodev.com/_resources/reports/Cariboo-Gold-Feasibility-Study-43101-Jan-2023.pdf

- Owned by Osisko Development Company, this project is a new underground mine located in the District of Wells within the Cariboo Regional District in east-Central B.C. The Project:
  - Is not identified as a critical mineral mine and produces gold

and silver.
- Has an expected mine life of up to 16 years.
- Has an estimated **capital cost of about CDN $628 M.**
- Is estimated to provide **634 jobs during the construction period and 488 jobs during operation**.
- The Environment Assessment review process is complete, a permit has been issued, and the mine has a target of late 2025/early 2026 to begin operations.

Galore Creek

https://www.gcmc.ca/galore-creek-project/
https://projects.eao.gov.bc.ca/p/588510c6aaecd9001b8157d0/project-details
https://www.mining.com/exploding-costs-an-analysis-of-galore-creek/

- Owned by a partnership of Teck Resources and Newmont Corp., this project is a potential new open-pit mine located approximately 150 kilometres northwest of Stewart, B.C. The Project:
  - Is a critical mineral mine and produces copper, gold and silver.
  - Has an expected mine life of up to 21 years.
  - Business Information
  - Is estimated to provide **4,500 jobs during the construction period and 1,200 jobs during operation**.
  - Is in care and maintenance status as a pre-feasibility study is being undertaken for a potential construction restart and is targeting post 2028 to begin operations.

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DEPUTY MINISTER'S OFFICE – STRATEGIC INITIATIVES
ISSUE NOTE

Blackwater Project

https://www.artemisgoldinc.com/blackwater-project/blackwater-gold-project/location/
https://www.artemisgoldinc.com/_resources/reports/Artemis-Blackwater-43-101-Technical-Report-Expansion-Study.pdf
https://www.artemisgoldinc.com/_resources/reports/Blackwater-Gold-Project-Feasibility-Study-NI-43-101-Technical-Report.pdf
https://news.gov.bc.ca/releases/2023EMLI0008-000279#:~:text=Quick%20Facts:%20%20In%202019%2C%20the%20Blackwater,for%20people%20in%20communities%20throughout%20the%20province.*

- Owned by Artemis Gold Inc., this project is a potential new open-pit mine located in central British Columbia, approximately 160 kilometres southwest of Prince George and 446 kilometres northeast of Vancouver, B.C. The Project:
  - Is not a critical mineral mine and produces gold and silver.
  - Has an expected mine life of approximately 20 years.
  - Has an estimated **capital cost of about CDN $645.0 M.**
  - Is estimated to provide **600 - 825 jobs during construction period and 400 - 450 jobs during operation**.
  - The Environment Assessment review process is complete, a permit has been issued, and the mine has a target of mid to late 2025 to begin operations.

MINISTRY OF FINANCE
GENDER EQUITY OFFICE
ISSUE NOTE

ISSUE: Gender-Based Violence Action Plan

ADVICE AND RECOMMENDED RESPONSE:

- Gender-based violence impacts women, girls, and gender-diverse people, with devastating and long-lasting effects, and has a high economic cost for survivors, government, organizations, and the legal system.
- That's why we launched *Safe and Supported: B.C.'s Gender-Based Violence Action Plan* on December 10, 2023, to take strong action on this critical health, safety, and human rights issue.
- *Safe and Supported* is a three-year action plan that is guiding and coordinating new action across government to prevent, address, and respond to gender-based violence.
- During the plan's first year, the Province has taken concrete steps to support survivors of gender-based violence and their families, and promote gender equity, including:
    - providing more than $65M each year in stable funding to strengthen and expand services and programs that address violence against women, sexual assault, and sexual abuse;

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Division: Gender Equity Office

File Name: MO_GEO_01_Gender-Based Violence Action Plan.docx

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  - doubling the number of Women's Transition Housing Fund spaces to 3,000, with over 1,199 units complete or underway as of December 31, 2024; and,
  - making online spaces safer through new legislation and support services addressing the sharing of intimate images without consent.
- *Safe and Supported* also supports Indigenous self-determination and healing through new Indigenous-led initiatives that promote safety planning, capacity building, and culturally safe approaches to gender-based violence.
- Gender-based violence continues to be a priority for government, and the Province is taking every opportunity to allocate available resources and coordinate activities under *Safe and Supported* to address and eradicate gender-based violence in British Columbia.

KEY FACTS:

- Gender-based violence is violence committed against someone based on their gender, gender identity, gender expression, or perceived gender. It can be physical, sexual, emotional, psychological, financial and includes violence committed by a spouse or intimate partner, family members, acquaintances or

strangers.

- Gender-based violence remains prevalent, with approximately 36.5% of women in British Columbia reporting an experience of sexual assault in their lifetime and 29.5% of women reporting an experience of physical assault.[i]
- From 2018 to 2022, 850 women and girls in Canada lost their lives due to femicide, mostly at the hands of men.[ii]
- The economic cost of gender-based violence in Canada includes those borne by victims, third parties (family members, social services, health care and employers), and the legal system. In 2009, the Federal Government found that intimate partner violence against women was estimated to cost Canada $4.8B and sexual assault against women an estimated $3.6B. Adjusting for population and inflation, intimate partner violence against women is estimated to have cost British Columbia $898M and sexual assault against women $675M in 2025.[iii,iv,v]
- Gender-based violence disproportionately impacts Indigenous and other racialized women and girls, 2SLGBTQIA+ people, and those with disabilities, including a disproportionately higher risk of sexual assault.[vi]
- Indigenous women in Canada experience higher rates of domestic violence compared to non-Indigenous women and disproportionate rates of domestic homicide. A study published in 2019 found that

domestic homicide rates among Indigenous people are twice the rate among non-Indigenous populations.[vii]

- Women in rural areas experience the highest overall rates of intimate partner violence (789 victims per 100,000 population), and in 2021, the rate of gender-related homicide in Canada was more than 2.5 times greater in rural areas compared to urban areas.[viii]

BACKGROUND:

- *Safe and Supported* was launched on December 10, 2023, and was developed in close partnership with PSSG, including their provincial leads for the Missing and Murdered Indigenous Women and Girls (MMIWG) response. Development of a provincial gender-based violence action plan is a commitment under the *Declaration Act Action Plan* (Action 3.8) and was a 2022 FIN and PSSG shared mandate commitment.
- FIN leads the coordination of *Safe and Supported* and facilitates collaboration across government with 12 ministries (HMA, AG, PSSG, MIRR, MCFD, PSFS, HLTH, ECC, EAO, LBR, SDPR, and CITZ) that have responsibility for implementing individual actions and initiatives included in *Safe and Supported*.
- *Safe and Supported* was informed by engagements with service providers, advocates, and Indigenous partners in Spring 2022, and focused engagements with Indigenous leaders and communities in Spring 2023.

- *Safe and Supported* aligns with Women and Gender Equality Canada's (WAGE) implementation of a 10-year *National Action Plan to End Gender-Based Violence*, endorsed by Province and Territories on November 9, 2022.
- WAGE committed $61.9M for British Columbia over four fiscal years to enable key actions in *Safe and Supported* under a new Canada-British Columbia bilateral agreement to end gender-based violence, announced December 8, 2023.
    - This includes $7.8M in 2023/2024, and $18M per year in 2024/2025, 2025/2026, and 2026/2027.
    - This funding will help reduce critical wait lists, build capacity for community-based services, and address gaps for underserved communities. More than half of this new funding in 2023/2024 and 2024/2025 was invested in Indigenous-led initiatives.

CURRENT STATUS:

- *Safe and Supported* sets out four priority areas for action: 1) increasing safety and supports for survivors; 2) lifting up Indigenous-led approaches; 3) breaking cycles of violence through prevention, healing, and accountability; and 4) learning from and monitoring our progress.
- These four priority areas guide the provincial response to gender-based violence by increasing resources for critical services and

supporting new initiatives that respond to what Indigenous partners, community members, and survivors have told the Province is needed to prevent and address gender-based violence.

MINISTRY OF FINANCE
GENDER EQUITY OFFICE
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Gender-Based Violence Action Plan

Question #1: The Province is almost halfway through the three-year Gender-Based Violence Action Plan and is supported by more than $65M annually in provincial funding and more than $61M over four years in federal funding. What have you achieved in this time, with this money, and how are you measuring success?

Answer: Since the launch of *Safe and Supported* in December 2023, the Province has made measurable strides in addressing and preventing gender-based violence. Initial investment decisions were made and validated by a cross-ministry committee of gender-based violence leads working with partners on the ground. We also sought advice and guidance from Indigenous leaders and an advisory committee made up of sector partners to ensure that funding meets the needs of survivors and addresses root causes of gender-based violence.

These investments are supported by more than $65M in annual, stable provincial funding and a total of $61.9M across four fiscal years through the Canada-British Columbia bilateral agreement for the *National Action Plan to End Gender-Based Violence*. To date, British Columbia has received approximately $25M of the federal funding.

The Province is seeing progress on these and other investments in areas identified as critical pathways to ending gender-based violence such as housing, legal supports, and Indigenous-led healing.

Safe and secure housing is critical for survivors of gender-based violence and their children:

- In 2018, the Province committed $734M to create the Women's Transition Housing Fund to build 1,500 new units of much-needed housing, including transition houses, safe homes, second-stage and long-term housing. As part of the Province's 2023 housing plan, *Homes for People*, British Columbia is investing a further $1.2B over the next 10 years to double the number of Women's Transition Housing Fund spaces from 1,500 to

3,000. As of December 31, 2024, 1,199 units have opened or are underway.

- In March 2025, we joined with the federal government to announce an enhancement to the Canada-B.C. Housing Benefit that will help survivors of gender-based violence, including women and their children and 2SLGBTQIA+ people, transition to secure and maintain rental housing in the private market. The benefit is expected to support nearly 1,700 individuals or households during the critical time of vulnerability and need experienced by those leaving violence, experiencing homelessness or with severe core housing need.
- And with federal funding under the Canada-British Columbia bilateral agreement to end gender-based violence, work is also underway to develop gender-based violence training for staff at shelters and transition housing.
    - Please direct further questions on the Women's Transition Housing Fund and the Canada-B.C. Housing Benefit to the Ministry of Housing and Municipal Affairs.

MINISTRY OF FINANCE
GENDER EQUITY OFFICE
ISSUE NOTE

New, life-changing services have been established to support people whose intimate images have been shared without their consent:

- In January 2024, the *Intimate Images Protection Act* came into force, alongside new services to help people stop the distribution of their intimate images, seek legal redress through the Civil Resolution Tribunal, and connect with additional supports and resources through the Intimate Images Protection Service. Early data has shown the need for these services. As of February 5th, 2025, barely a year since new services became available, the Civil Resolution Tribunal has received 257 disputes under the *Intimate Images Protection Act*, and the Intimate Images Protection Service has supported 299 case files and responded to 130 general inquiries.
    - Please direct further questions on the *Intimate Images Protection Act* and Civil Resolution Tribunal process to the Attorney General.
    - Please direct further questions on the Intimate Images Protection Service to the Ministry of Public Safety and Solicitor General.

MINISTRY OF FINANCE
GENDER EQUITY OFFICE
ISSUE NOTE

Survivors of intimate partner violence who are leaving an abusive partner and seeking to keep their children safe can face high costs navigating the legal system. To address this, the Province has invested $29.1M over three years to expand access to legal aid, improve intake capacity, and create a new multidisciplinary trauma-informed family law clinic.

- Please direct further questions about legal aid to the Attorney General.

Provincial investments in services and supports are making a difference to survivors and their families, but many still experience waitlists and other barriers to access. This is why we invested nearly $6M of the federal funding from the *National Action Plan to End Gender-Based Violence* in community-based victim services and violence against women programs to help address wait lists, increase access for underserved communities, and build program capacity. These investments include $1M to improve access to counselling for underserved communities, and $900K to three domestic violence units and to the counter-exploitation unit to increase access to supports for people experiencing intimate partner violence or exploitation and human trafficking.

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- Please direct further questions about these initiatives to the Ministry of Public Safety and Solicitor General.

The Province continues to work in consultation and cooperation with Indigenous Peoples across British Columbia to respond to the Calls for Justice from the National Inquiry into Missing and Murdered Indigenous Women and Girls, and make meaningful progress toward reconciliation. Indigenous-led actions under *Safe and Supported* prioritize supporting Indigenous self-determination by putting resources in the hands of First Nations and Indigenous communities and organizations to determine their own priorities in a way that best meets the needs of Indigenous people. Recognizing that gender-based violence disproportionately impacts Indigenous women, girls, Two-Sprit and gender-diverse people, we have provided more than $15M of the federal funding received to date to support Indigenous-led initiatives that foster community safety, healing, and belonging, which Indigenous partners, community members, and survivors have told us is needed to prevent and address gender-based violence. Indigenous initiatives supported by the Province include:

- Supporting the B.C. First Nations Justice Strategy through an expansion of the Indigenous Justice Centres network and supporting cultural competency training and work on the Indigenous Women's Justice Plan and the Indigenous Youth Justice Plan.
    - Please direct further questions about the First Nations Justice Strategy initiatives to the Attorney General.
- Investing in the Path Forward Community Fund to support Indigenous-led safety planning and culturally-safe responses to gender-based violence. To date, funding has supported 51 Indigenous-specific, anti-violence programs, including a new Public Safety Task Force established by the Squamish Nation and survivor-care kits with traditional medicines and sacred feminine cards developed by Lii Michif Otipemisiwak Family and Community Services.
    - Please direct further questions about the Path Forward Community Fund to the Ministry of Public Safety and Solicitor General.

- Funding the First Peoples' Cultural Council to provide grants that support First Nations' cultural practices. Launched in fall 2024, this grant program is providing up to $25,000 to First Nations in British Columbia for planning, carrying out and documenting community-based cultural practices and events that celebrate the roles, relationships and responsibilities within a community, and help break cycles of violence. To date, 67 grants have been approved for funding.
- Supporting Métis Nation B.C. with $2M to implement Métis Safe Communities, a new initiative that will make crisis navigators available to provide programs and services directly to Métis women, girls and 2SLGBTQQIA+ citizens experiencing violence, including providing emergency funding.
- And supporting the Giving Voice grant program which funds community-led projects that provide opportunities for healing and aim to stop violence by changing behaviours and attitudes and mobilizing communities. In 2024, the Province provided $1M through the federal funding, which was allocated to 37 First Nations

governments, Métis chartered communities, Indigenous non-profits and Indigenous friendship centres.

- Please direct further questions about the First Peoples' Cultural Council, Métis Nation B.C., and Giving Voice initiatives to the Ministry of Indigenous Relations and Reconciliation.

We have also used the federal funding for the *National Action Plan to End Gender-Based Violence* to support initiatives that reach children and youth, including:

- Investing $1.2M to support 41 community services providers that deliver sexual abuse intervention programs to deliver staff training, develop new resources, and boost service delivery, as well as support an evaluation of the program to find service efficiencies that increase capacity and attend to waitlists.
- Providing $300K to the Belonging Network to update content on healthy relationships and consent for young adults who were former youth in care.
- And investing $300K to expand the reach of the Caring Dads program in South Fraser Valley, which is a program

that engages men to foster healthier relationships with their partners and children.

    - Please direct further questions about these three initiatives to the Ministry of Children and Family Development.

- And we also provided nearly $1.4M of federal funding to the B.C. Society of Transition Houses to expand the school-based Violence is Preventable program in grades K-12 throughout British Columbia. The Violence is Preventable program is now delivered in 10 more schools for a total of 61schools and provides students in grades K-12 with school-based education supports around issues of violence.
    - Please direct further questions about this initiative to the Ministry of Public Safety and Solicitor General.

In addition to these federally-funded initiatives to support youth, the Province also released a suite of open-access intersectional training resources in September 2024, that address technology-facilitated sexualized violence and the impacts of sexualized violence on Indigenous, graduate, and international students.

- Please direct questions about these resources to the Minister Post-Secondary Education and Future Skills.

All of these actions are having direct and long-lasting impacts on gender-based violence in British Columbia. There is much more work underway and being led by Indigenous organizations, community service providers, and cross-government partners that is helping survivors and their families access the safety and support they need.

Looking ahead, we continue to make progress on current work while also planning for future initiatives that are responsive to emerging needs. One of the priorities of *Safe and Supported* is continuous learning and close monitoring to make sure that survivors are getting the support they need. This is also why we are initiating a new, innovative gender-based violence data project with multiple ministry partners to integrate and analyze key gender-based violence related data. This pivotal work will help us to better understand prevalence, service usage, and barriers, and monitor our progress toward ending gender-based violence in British Columbia.

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In recognition of the disproportionate impact of gender-based violence on Indigenous women, girls and 2SLGBTQIA+ people, the ongoing crisis of those who are missing and murdered, and British Columbia's commitments and obligations under the *Declaration on the Rights of Indigenous Peoples Act*, more than half of any new or continued federal funding will be invested in Indigenous-led initiatives.

Future actions will continue to be informed through consultation and cooperation with Indigenous partners, and with advice from community service providers and advocates. We anticipate receiving the next installment of $18M from the federal government this summer.

Question #2: How does the Gender-Based Violence Action Plan respond to Missing and Murdered Indigenous Women?

Answer: The Ministry of Public Safety and Solicitor General leads the Province's work to address the crisis of Missing and Murdered Indigenous Women and Girls, including annual reporting on progress related to *A Path Forward: Priorities and*

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Early Strategies for B.C. which responds to the Calls for Justice of the Final Report of the *National Inquiry into Missing and Murdered Indigenous Women and Girls*. PSSG was a key partner in the development of *Safe and Supported* to ensure that it is aligned with and builds on the ongoing work of our Government to address the critical situation of MMIWG2S+.

"Lifting Up Indigenous-led Approaches," a key priority under *Safe and Supported*, includes actions that respond directly to advice and recommendations from Indigenous partners and community. Through this priority, the Province firmly commits to supporting Indigenous self-determination by placing resources in the hands of First Nations, Métis, Inuit, and urban and rural or remote Indigenous communities to determine how best to move forward on preventing and addressing gender-based violence in their communities and in ways that build on Indigenous strength.

If you would like more information about *A Path Forward*, please direct your questions to the Minister of Public Safety and Solicitor General.

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<u>Question #3</u>: How might economic uncertainty impact rates of gender-based violence and what is the Province doing to address any possible rise in gender-based violence while facing economic constraints?

Answer: Gender-based violence is a predictable and consistent consequence of economic, environmental, and public health crises, and recent experiences with the pandemic and other provincial emergencies have shown gender-based violence risk increases at times of crisis. Crises can also impact service providers due to increased staff burnout, high workloads, and organizational recruitment challenges.

Under *Safe and Supported*, the Province has made significant foundational investments that will continue to support the safety, security, and well-being of women, girls, and gender diverse people in the event of an economic downturn. This includes more than $65M each year in stable funding to strengthen and expand services and programs that address violence against women, sexual assault, and sexual abuse; a further $1.2B over the next 10 years to double the number of

Women's Transition Housing Fund units from 1,500 to 3,000; $29.1M over three years to expand access to family legal aid services; the new $200M fund to support the implementation of the *United Nations Declaration on the Rights of Indigenous Peoples,* and historic new investments in child care.

Question #4: The Minister's mandate letter calls gender-based violence an epidemic. How is the Province addressing it?

Answer: At a ***national*** level, there is a growing recognition of the pervasive and devasting impacts of gender-based violence throughout Canada. Community groups and advocates have been raising concerns about the epidemic levels of violence against women, girls, and gender diverse people in Canada. *Safe and Supported*: *B.C.'s Gender-Based Violence Action Plan* is a response to this national crisis.

This work, which involves a cross-government approach, is guided in consultation and co-operation with Indigenous partners, and with advice from community service providers,

and an advisory committee to ensure survivors have the support needed to heal and rebuild their lives.

I want to emphasize that British Columbia takes the issue of gender-based violence and intimate partner violence very seriously and is continuing to resource and expand victim-centred, trauma-informed, inclusive, and culturally safe supports for survivors of gender-based violence.

<u>Question #5</u>: Given that we are almost halfway through the three years of *Safe and Supported* and rates of gender-based violence remain high, how do you know if the plan is working?

Answer: *Safe and Supported* sets out four priority areas for action across three years: increasing safety and supports for survivors; lifting up Indigenous-led approaches; breaking cycles of violence through prevention, healing and accountability; and learning from and monitoring our progress.

During the first year of *Safe and Supported*, these four priority areas have guided provincial response to gender-based

violence by increasing resources for critical services and supporting new initiatives that respond to what Indigenous partners, community members, and survivors have told us is needed to prevent and address gender-based violence

While *Safe and Supported* will focus our action over its three-year term to prevent and address gender-based violence in British Columbia, we know that this problem won't be solved overnight. Gender-based violence continues to be pervasive – here in British Columbia, throughout Canada, and around the world.

For this reason, we are taking important steps to support survivors and break the cycles of violence. New transformational provincial investments in transition housing are providing safe housing and supports for women and their dependent children leaving violence. New, stable funding is increasing access to 70 new sexual assault programs across the province and to five sexual assault centres. We have established new provincial policing standards for sexual assault investigations that will respect and support the diverse needs of survivors and ensure more effective

investigations. And we have brought in new legislation that is helping to prevent the sharing of intimate images without consent.

Under *Safe and Supported*, we have also committed to learning from and monitoring progress on gender-based violence through data collection and research. This is why we are collaborating across government to initiate a Gender-Based Violence Data Project, with the goal to link and analyze administrative datasets and improve our provincial understanding of gender-based violence. Linking data to better understand the big picture is an important step toward improved monitoring and evaluation of the provincial response to gender-based violence and will support the Province to strengthen public safety and multi-sectoral responses.

We know there is much more to do and the Province continues to be deeply committed to this work. Guided by the plan's four priorities, in consultation and cooperation with Indigenous partners, with advice from community service providers and advocates, and supported by research and

data, *Safe and Supported* is a living document that is guiding and coordinating new action across government year by year, in a way that prioritizes continuous learning and close monitoring to make sure that survivors are getting the safety and support they need.

Question #6: What are the current rates of gender-based violence in British Columbia and are the numbers going down?

Answer: Gender-based violence is pervasive in our province, with 36.5% of women in British Columbia reporting an experience of sexual assault in their lifetime, and 29.5% of women reporting an experience of physical assault.[ix]

We also know from partners, advocates, and survivors that gender-based violence remains one of the most underreported crimes in Canada, with only 6% of sexual assaults reported to police. And due to its complexity and stigma, increases or decreases in rates of gender-based violence more likely reflects changes to the number of

reported incidents and service utilization rates, rather than the true prevalence.

We also know from our experiences with COVID-19 and other provincial emergencies and critical incidents, that rates of gender-based violence can rise during times of economic uncertainty and when there is increased rhetoric that is hateful toward women and gender-diverse people, as we are seeing happen south of the border. Given the current economic and cultural climate, the risks for Indigenous women and girls, racialized people, immigrants and newcomers, 2SLGBTQIA+ people, and those with disabilities, are especially high and they may also be less likely to report incidents of gender-based violence for fear of discrimination or further abuse.

Given that gender-based violence is underreported and the current risks to the safety and wellbeing of women, girls, and gender diverse people in British Columbia, our work to support survivors and break the cycles of violence through prevention and healing is more important than ever before.

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Question #7: How is Government holding itself accountable to commitments made in this plan?

Answer: *Safe and Supported* was developed in consultation and cooperation with Indigenous partners, and with advice from community service providers, advocates, survivors and their families. We heard their voices and perspectives and have built their priorities into this plan. The initiatives under *Safe and Supported* were informed by engagement sessions, which included provincial roundtables held with partners, advocates, and service providers, as well as Indigenous-led engagement with First Nations, Inuit, and Métis people, and during regular meetings with a Gender-Based Violence Action Plan Advisory Committee.

We continue to seek the advice of these diverse partners to ensure *Safe and Supported* is responsive to emerging needs and can help coordinate action across sectors. This is why *Safe and Supported is* a living document – so that it can remain responsive as the social and economic landscape shifts and new priorities, or promising practices are identified.

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To underscore our commitment to accountability and responsiveness, we also expanded the mandate of the Gender-Based Violence Action Plan Advisory Committee to provide continued advice and leadership throughout the life of *Safe and Supported* and help us monitor and evaluate our actions.

We are committed to having ongoing conversations with partners and advocates to monitor our progress and understand how to improve access to supports and services, enhance prevention and education on gender-based violence, and support capacity building so that local communities and equity-deserving groups can develop and lead solutions that are reflective of the diversity of people and communities in British Columbia.

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[iii] Zhang, Ting, Josh Hoddenbagh, Susan McDonald, and Katie Scrim (2012). "An Estimation of the Economic Impact of Spousal Violence in Canada, 2009." Department of Justice. https://www.justice.gc.ca/eng/rp-pr/cj-jp/fv-vf/rr12_7/rr12_7.pdf

[iv] Hoddenbagh, Josh, Ting Zhang, and Susan McDonald (2014). "An Estimation of the Economic Impact of Violent Victimization in Canada, 2009." Department of Justice. https://justice.gc.ca/eng/rp-pr/cj-jp/victim/rr14_01/rr14_01.pdf

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ix Statistics Canada, Survey of Safety in Public and Private Spaces, 2018.

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ISSUE NOTE

ISSUE: Summary Audit Plan – IAAS 2024/2025

ADVICE AND RECOMMENDED RESPONSE:

- Internal Audit & Advisory Services mandate is to provide internal audit and consulting services to management at B.C.'s ministries and Crown corporations to promote sound governance, economy, efficiency, and effectiveness of public sector operations, and to provide assurance that programs and systems are operating in compliance with mandates, policies, and regulations.

KEY FACTS:

- IAAS annually prepares an Audit Plan that identifies projects for the upcoming fiscal year.
- The process to identify projects includes among other processes:
  - interviewing members of the Deputy Minister's Audit Committee, Ministry Executive, Treasury Board Staff, Risk Management Branch, and other key central agencies such as PSA.
  - reviewing Ministry Service Plans, Annual Reports, and risk registers.
  - reviewing Minister Mandate Letters.

  - reviewing Office of the Auditor General and other professional reports; and
  - researching news and background information on Crown corporations, Ministries and the School Districts, Universities, Colleges, and Health Authorities sector to identify changes, new priorities, and potential issues.

- The nature and timing of future projects can be amended to reflect emerging issues or changing priorities that need to be reviewed in a timely manner.
- The Audit Plan is presented to the Deputy Minister's Audit Committee for their consideration and approval. The Audit Plan for Fiscal Year 2024/25 was reviewed and approved by the Committee in April 2024. This is the most recent plan approved by the Committee.
- IAAS is currently finalizing its Audit Plan for Fiscal Year 2025/26 and plans to present it to the Deputy Minister's Audit Committee for approval in Spring 2025.
- Internal Audit Advisory Services also reviews completed Financial Risk and Control Reviews of government IM/IT financial systems to assess whether all the risks have been identified; and risks have adequate mitigation strategies or compensating controls.
- The Audit Plan for Fiscal Year 2024/25 has a continued emphasis on financial management and Information Management/Information

Technology. This strategy will allow Internal Audit Advisory Services to cycle through the key financial systems and obtain greater comfort over their management and activities. The three key audit areas are noted below.

Financial Management Audits	
Function/Definition	• Audits that help improve efficiency and ensure management and control systems are operating effectively.
Description	• Budget development and management • Asset management • Revenue and expense monitoring and management • Procurement processes and practices • Program cost-effectiveness
Audit Plan 2024.25	• Grant programs • Financial risk assessments • Financial risk and control reviews • Infrastructure audits
Information Management/Technology Audits	
Function/Definition	• Audits that address business, privacy, and security risks; strengthen government IM processes.

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Description	• Project, change and incident management • Service delivery • Software development • IM/IT governance • Portfolio and risk management • Information security and privacy
Audit Plan 2024.25	• Cloud computing • IM/IT cyber-security phase II
Program Audits	
Function/Definition	• Audits that evaluate whether programs or functions are working as intended to achieve stated goals.
Description	• Emergency management governance • Government-wide organizational issues and programs • Program, project, and contract management • Human resource practices
Audit Plan 2024.25	• Crown land management • Service provider management in the transportation sector

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ISSUE: Public Accounts Audit Qualifications

ADVICE AND RECOMMENDED RESPONSE:

- The 2023/24 Public Accounts were released on August 22, 2024, and included the Auditor General's opinion on the summary financial statements (beginning on page 35).
- The Auditor General's opinion included two points of reservation: deferral of revenues and disclosure of contractual obligations.
- The deferral of restricted revenues has been a longstanding qualification. This accounting policy is also supported by a Treasury Board Regulation. Recent announcements from the public sector accounting standard setter confirm our recognition is appropriate under the standards. Discussions with the auditor are ongoing and this topic will be a focus during implementation of the new reporting model in the 2026/27 financial audit.
- The second qualification on the disclosure of contractual obligations was first identified in 2021/22 and is about the First Nations Gaming Revenue Sharing arrangement and

certain physician compensation agreements. These items are not included in the contractual obligation disclosure because public sector accounting standards prohibit us from doing so. We will continue to work with the Office of the Auditor General to resolve their concerns.

- The 2024/25 Public Accounts will be prepared and audited over the next few months and the audit opinion will be provided by the Auditor General at the end of the audit process.

KEY FACTS:

- The Auditor General provided a qualified opinion for Public Accounts 2023/24 with two points of reservation.
- The Office of the Comptroller General finds the position of the Auditor General represents a very different view of B.C.'s long-standing accounting policies and different from the generally accepted practices followed by other jurisdictions in Canada.
- The application of GAAP, Generally Accepted Accounting Principles, can be challenging and requires the use of professional judgment. This judgment is based on full analysis of the transactions and programs, application of Canadian guidance, and may involve broad consultation with other jurisdictions, and professional accountants, depending on the complexity of the issue.

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Reservation: Deferral of Revenues

- The Auditor General recommended recognizing revenue for restricted grants in the year the funds are spent.
- Government recognizes grant revenue only when the restricted purpose has been met so that the obligation for service delivery is disclosed, and the actual results align with Budget.
- The impact of OAG's recommendation in 2023/24 was to increase revenue and surplus by $7,670M, decrease liabilities by $7,670M and increase accumulated surplus/deficit by $7,670M.

Reservation: Contractual Obligations Disclosure

- The Auditor General recommended including an estimate of future First Nations Gaming revenue and certain physician compensation agreements as a contractual obligation.
- The First Nations share of gaming revenue is established in the Gaming Control Act and conveys the right to 7% of gaming revenues to First Nations. The First Nations share of gaming revenues is not an obligation of government.
- The accounting standards support our position that compensation arrangements do not meet the requirement for disclosure because future service levels are at the full discretion of government.
- There is no financial impact for this recommendation. It is for disclosure only.

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CURRENT STATUS:

- The Office of the Comptroller General engages with the Office of the Auditor General over the course of the audit; however, the content of the audit opinion will not be known until the Auditor General provides their opinion at the conclusion of the audit.
- The Public Sector Accounting Board released a revised conceptual framework and new reporting model that confirms our recognition for deferral of restricted contributions is aligned with the accounting standards. Implementation of the new standards will occur on or before April 1, 2026.
- Engagement with the Office of the Auditor General will include enhancing their understanding of the province's relationship with First Nations and the application of generally accepted accounting principles to the dedicated gaming revenue sharing arrangement.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Cannabis Taxation and Revenue Sharing

ADVICE AND RECOMMENDED RESPONSE:

- Cannabis legalization continues to play a valuable role in ensuring a safe supply for consumers, helping to keep cannabis out of the hands of kids, and reducing profits for organized crime.
- Low prices are impacting legal cannabis producers, and we and the federal government are monitoring challenges faced by industry and are listening to the concerns being raised by the stakeholders.
- Government revenue from legal cannabis sales has been kept low to keep prices competitive with the illicit market.

KEY FACTS:

Cannabis Revenues

- British Columbia receives cannabis-related revenues through four main sources:
    - Its 75% share of the federal excise duty under the Coordinated Cannabis Taxation Agreement;

  - The 7% provincial sales tax (PST) on cannabis retail sales and the 20% PST on vapour products;
  - The 15% Liquor Distribution Branch wholesale markup on cannabis products; and
  - Product sales at government-operated British Columbia Cannabis Stores.
- Cannabis excise tax is based on the greater of volume-based taxes or ad valorem taxes; with low cannabis prices, it is the volume-based taxes that apply. Volume and ad valorem tax rates are consistent across the country, except that:
  - A top-up rate is applied on behalf of three provinces (Alberta, Saskatchewan, and Ontario); and
  - The provincial portion of the excise tax rates in Manitoba are not collected (Manitoba foregoes that revenue).
- *Budget 2025* projects federal cannabis excise tax revenues of $110M in each year of the fiscal plan.

Revenue Sharing

- Consistent with its treatment of tobacco and alcohol-related revenues, British Columbia currently does not share its cannabis-related revenues with local governments or First Nations.
- Under Section 119 of the *Cannabis Control and Licencing Act*, the Province may enter into agreements with First Nations on the cultivation and sale of cannabis. Section 119 agreements were

updated in 2024 to allow for partial rebates of the wholesale markup paid to the Liquor Distribution Branch (LDB).

CURRENT STATUS:

- On February 26, 2024, the House of Commons Standing Committee on Finance released a report with recommendations based on pre-budget consultations, including two relating to cannabis:
    - 156. Provide investments for First Nations engagement in the *Cannabis Act* review
    - 329. Make adjustment to the excise duty formula for cannabis so that it is limited to a 10% ad valorem rate, and to the operation of the duty, including the requirement to apply an excise stamp on cannabis products
- On March 21, 2024, the federal government published its legislative review of the *Cannabis Act*. The report contained 54 recommendations, on improving Canada's adult use market, including:
    - Further review by Finance Canada of the excise tax model overall, recognizing the average price of cannabis has decreased significantly since legalization, resulting in higher excise payments as a percentage of sales;
    - Higher-potency products being subject to more tax than lower-potency products;

  - Development of an excise tax-sharing framework with First Nations;
  - Reviewing whether excise tax should still be applied to medical cannabis; and
  - Improving licensing processes to better support Indigenous applicants to participate in the legal cannabis market.
- The *2024 Fall Economic Statement* announced the federal government's intent to explore a transition from cannabis excise duty stamps specific to each province and territory to a single, national stamp, with the intention of reducing the administrative burden for producers. More details are planned to be released in the 2025 federal budget.

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QUESTIONS AND ANSWERS

ISSUE: Cannabis Taxation and Revenue Sharing

Question: What is British Columbia's current revenue from Cannabis and status of the industry? Is it possible to provide a breakdown by PST, excise tax, licensing, etc.?

Answer:

- Federal excise tax is remitted to the federal government by licensed cannabis producers, and 75% of those remittances are distributed back to provinces by the federal government.
- From the time cannabis was legalized in 2018 until the end of the 2023/24 fiscal year, the province had received a cumulative total of:
  - $278.2M in federal excise duty payments relating to cannabis; and.
  - Advice/Recommendations; Government Financial Information

- We are monitoring challenges faced by industry in working with the federal government and are listening to the concerns being raised by the stakeholders.
- For more specific comments on the state of the cannabis industry and licensing issues, I defer to the Minister of Public Safety and Solicitor General (PSSG).

Question: Where, and how, is the revenue from cannabis taxation being spent?

Answer:

- Along with revenue from other sources, the revenue British Columbia receives from cannabis sales, PST, licensing, and excise tax is directed into the Province's Consolidated Revenue Fund (CRF).
    - The CRF supports vital public services that people rely on, like health care, education, and childcare.
    - The CRF is also the source of provincial funding for local governments and First Nations, both of which have seen increased provincial funding since cannabis was first legalized.

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Question: Does the province plan to share revenue with local governments and First Nations?

Answer:

- While the Province does not explicitly share its cannabis revenue with local governments, in the time since cannabis was legalized, the Province has increased funding for local governments by a much larger amount than could have been generated through a sharing of cannabis revenue.
- In recent years, the Province has provided substantial funding to support local infrastructure need:
    - In 2023, the Growing Communities Fund distributed $1B to all local governments to help with the costs of upgrading, adding capacity, and extending infrastructure and amenities to support additional housing supply.
    - In 2024, the Province provided $250M over five years to support the 21 local governments that make up the Northwest BC Resource Benefits Alliance to support planning and construction of

municipal infrastructure, such as roads, water, sewer, and other community facilities.

- In *Budget 2025* the Province is providing significant investments to address attainable housing and community safety, two of the major cost drivers for local governments identified by UBCM. This includes:
  - $325M to provide housing options for people living outdoors and to resolve encampments;
  - $500M to support addictions treatment and recovery programs;
  - $235M in new investments in justice and public safety programs; and
  - $104M toward policing programs including the negotiated wage increase for provincial RCMP detachments serving small British Columbia communities.
- It should be noted as well that local governments have the option to directly generate their own cannabis revenue through licensing and other fees to recoup their administrative costs.

- The Province continues to work with First Nations in developing a new fiscal relationship and has also provided a number of supports for First Nations including:
    - In *Budget 2025*, $45M in new funding over three years for the First Peoples' Cultural Council;
    - $140M for New Relationship Trust to support building clean energy capacity and other community supports; and
    - An estimated $3B in long-term funding through the Long-Term BC First Nations Gaming Revenue Sharing and Financial Agreement.
- By comparison, the province has received less than $365M in cannabis excise tax revenue since the tax was first imposed more than five years ago.

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POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Housing Affordability

ADVICE AND RECOMMENDED RESPONSE:

- This government is committed to reducing costs for families, and that includes helping people access homes they can afford through support for first-time homebuyers, an increased supply of rental housing stock, and stronger measures to crack down on housing speculation.
- Under our initial 30-point housing plan and the updated *Homes for People* plan introduced in 2023, this government has been making record investments and working with partners to deliver thousands of affordable homes.
- The Ministry of Finance continues to support government's efforts to address housing affordability, including increasing speculation and vacancy tax rates in Budget 2025 to ensure residential properties are used as homes rather than investments.

KEY FACTS:

- The *Homes for B.C.* 30-point plan, introduced in 2018, sets a goal of delivering thousands of affordable homes and cracking down on tax evasion, money laundering, and speculation.
- Introduced in 2023, as an update to the 30-point housing plan, *Homes for People* is focused on four priorities – unlocking more homes faster; delivering better, more affordable homes; helping

those with the greatest housing need; and creating a housing market for people, not speculators.

- The Ministry has addressed the key deliverables in the updated housing plan that is responsible for, primarily through measures introduced in Budget 2023, 2024 or 2025:

  Creating a housing market for people, not speculators

  - Expanding the speculation and vacancy tax to six new communities in 2023 and another 13 communities in 2024, to turn more empty units into homes for people.
  - Increasing the speculation and vacancy tax rate from 0.5 per cent to 1 per cent for Canadian citizens and permanent residents, and from 2 per cent to 3 per cent for foreign owners and untaxed worldwide earners, effective January 1, 2026. (Budget 2025).
  - Introducing the B.C. home flipping tax, effective January 1, 2025, to help discourage people from buying property and quickly reselling it to make a profit, which drives up house prices for families (Budget 2024).

  Delivering better, more affordable homes

  - Providing property transfer tax exemptions to encourage the construction of purpose-built rentals (Budget 2023 and 2024).
  - Increasing the threshold of the Newly Built Home exemption from $750,000 to $1.1M, effective April 1, 2024, to incentivize

the building of more homes (Budget 2024). People in B.C. saved on over 7,000 purchases of newly built homes in 2024.

Helping those with the greatest housing need

- Increasing the threshold of the First Time Home Buyers' program, effective April 1, 2024, from $500,000 to $835,000, with the first $500,000 completely exempt from property transfer tax (Budget 2024). People saved on the purchase of their first home using the first-time home buyers' program over 15,000 times in 2024.
- Implementing an income-based renter's tax credit in 2023 of up to $400 (Budget 2023). Approximately two-thirds of eligible renting individuals and families claimed the credit in the first year of the program.

- The Ministry has completed 14 of the 15 initiatives in the original 30-point plan that fall under its responsibility *(see Appendix below).*
- The only Ministry of Finance-led item that has not been completed is point 11: Moving to close property tax loopholes on the Agricultural Land Reserve.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
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APPENDIX

30-POINT PLAN MINISTRY OF FINANCE PROGRESS SUMMARY TABLE

30-POINT PLAN ACTION	SUMMARY	STATUS
1. Taxing speculators who are driving up housing costs	*Speculation and Vacancy Tax Act* passed November 2018. Effective: January 2019 for 2018 and future tax years. Six new municipalities subject to speculation and vacancy tax for 2023 and 13 new municipalities added for 2024. Implemented B.C. home flipping tax as part of Budget 2024. Effective January 1, 2025.	Complete
2. Increasing foreign buyers' tax rate to 20 per cent	Completed in Budget 2018. Effective Feb 21, 2018.	Complete
3. Expanding the foreign buyers' tax to areas outside Metro Vancouver	Completed in Budget 2018. Effective Feb 21, 2018.	Complete
4. Increasing the property transfer tax on value of homes over $3M	Completed in Budget 2018. Effective Feb 21, 2018.	Complete
5. Increasing the school tax rate on the value of homes over $3M	Completed in Budget 2018. Effective Feb 21, 2018, for January 2019 and future tax years.	Complete

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30-POINT PLAN ACTION	SUMMARY	STATUS
6. Allowing online accommodation providers to apply provincial sales tax and municipal and regional district tax on short-term rentals	Completed. Effective October 1, 2018.	Complete
7. Reviewing the home owner grant to provide fairness for renters	Completed. An income-tested renter's tax credit of up to $400 was implemented for the 2023 and subsequent taxation years.	Complete
8. Moving to stop tax evasion in pre-sale condo reassignments	Regulations introduced November 2018. Effective January 1, 2019. Online registry launched February 2019.	Complete
9. Taking action to end hidden ownership, including a new beneficial ownership registry	Legislation passed in Spring 2019; beneficial owner registry launched March 2019.	Complete
10. Strengthening provincial auditing and enforcement powers	Completed in Budget 2018. Amended HOGA, LTDA, and ITA for information sharing and amended PTTA to expand GAAR, extend the limitation period to 6 years, add administrative penalties.	Complete
11. Moving to close property tax loopholes on the Agricultural Land Reserve	Policy analysis and review of the program is continuing.	In progress

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30-POINT PLAN ACTION	SUMMARY	STATUS
12. Expanding information collection and information sharing with the federal government to prevent tax evasion	Announced in Budget 2018 and beginning in 2020, the Province is starting to collect Social Insurance Numbers as part of the home owner grant application process for rural home owner grants and speculation and vacancy tax. Advice/Recommendations Advice/Recommendations Advice/Recommendations Advice/Recommendations The program was fully implemented as of 2021. The *Home Owner Grant Act* and the *Land Tax Deferment Act* were amended in *Budget 2023* to expressly allow for the sharing of information collected under those statutes for the purposes of any provincial or federal tax statute.	Complete
13. Seeking permanent provincial-federal action to combat money laundering, tax evasion, and avoidance	Completed. A federal-provincial working group has been established.	Complete
27. Expanding the use of MRDT Revenues for affordable housing	Completed in Budget 2018 by OIC. Effective October 1, 2018.	Complete

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30-POINT PLAN ACTION	SUMMARY	STATUS
28. Encouraging more rentals via property tax exemptions	Completed in Budget 2018. Effective Feb 21, 2018. We also introduced an exemption from the further 2 per cent property transfer tax for new, qualifying purpose-built rentals (effective January 1, 2024) and an exemption from the general property transfer tax for these buildings (effective between January 1, 2025, and December 31, 2030).	Complete

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POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Inflation and Affordability

ADVICE AND RECOMMENDED RESPONSE:

- I know some people are feeling vulnerable right now about day-to-day expenses that have gone up with inflation.
- That is why Budget 2025 provides new, targeted supports for people, while also limiting new spending.
- Starting in April, eligible drivers will get a $110 ICBC rebate – this is estimated to support nearly 3.7M personal and commercial policy holders.
- Government is also providing $318M more over the next three years to the BC Builds program to deliver thousands more middle-income rental homes.
- Budget 2025 also provides $375M over three years to enhance and expand access to rental supplements for lower income families and seniors.
    - This doubles the number of families eligible for supports from 3,200 to 6,000 families.
    - The average supplement for families will be increased by around 75% from around $400 to $700 per month.

- An estimated 25,000 seniors will see a nearly 30% increase to their monthly supports.

KEY FACTS:

Inflation (data as of April 15, 2025)

- The B.C. Consumer Price Index (CPI) rose by 2.6% on a year-over-year basis in March 2025, led by shelter (+3.7%) and food (+3.3%).
- Inflation in B.C. has slowed since peaking at 8.1% May 2022 due to broad-based easing in price pressures.
- Some price pressures, particularly for shelter, are expected to persist in the near-term. Consumer price inflation in B.C. is forecast to be 2.2% in 2025, 2.1% in 2026 and 2.0% annually over the 2027 to 2029 period as monetary policy continues to work to bring inflation down towards the Bank of Canada's 2% target.
- Many central banks have eased interest rates as inflation came down from prior years. Since June 2024, the Bank of Canada has lowered interest rates seven times, cumulatively bringing its key interest rate down to 2.75% (from 5%) as of March 2025, and holding the rate steady at its April policy announcement. According to the Bank of Canada, major and erratic shifts in U.S. trade policy have increased uncertainty, lowered expectations for economic growth and raised inflation expectations.

- Looking ahead, while lower interest rates are expected to support activity, economic growth in the province is expected to be modest, reflecting lower population growth from the federal government's immigration policies and trade uncertainty. As the economy adjusts to these factors, economic growth is expected to improve over the medium-term.

BUDGET:

($ millions)	2024/25 Estimates	2025/2026 Budget	2026/27 Plan	2027/28 Plan
2025 ICBC Rebate	$410	-	-	-
BC Builds	-	$120	$95	$103
Enhanced Rental Supplements	-	$75	$150	$150
Total	**$410**	**$195**	**$245**	**$253**

Affordability Measures Previously Implemented:

- Budget 2024 also previously provided multiple supports to help reduce the burden of rising costs of living on families and individuals. Measures included:
  - Increased Climate Action Tax Credit to approximately 2M households,1.2M received the full amount ($687M)
  - Introduced the BC Family Benefit Bonus for 340,000 families ($248M)

  - One-time BC Electricity Affordability Credit of $100 on average ($370M)
  - Increased the Employer Health Tax exemption threshold from $500,000 to $1M starting January 1, 2024, which means an estimated 90% of employers are exempt from the tax.
- In May 2024, ICBC rebates of $110 were provided for eligible drivers ($400M).
- Budget 2023 introduced:
  - Expansion of K-12 school food programs ($214M over three years).
  - Free prescription contraception for B.C. residents ($119M over three years).
  - Further enhancing supports for income and disability assistance clients by increasing the shelter rate by $125 ($558M over three years).
  - Improving access to post-secondary education by doubling student loan maximums from $110 to $220 per week for individuals and from $140 to $280 per week for students with dependents ($151M over three years).
  - Increasing financial supports for foster and extended family caregivers and for those caring for children, youth, and adults with support needs ($264M over three years).
  - Permanently enhancing the BC Family Benefit. ($215M over three years).

  - A new income-tested Renter's Tax Credit of up to $400 each year for eligible renters.

In fiscal 2022/23, government provided a number of one-time investments or measures to help reduce costs during a period of high inflation:

- Higher BC Family Benefit amounts for January, February, and March 2023 ($100M).
- Provided three BC Affordability Credits in October, January, and April 2023 ($1.35B).
- Enhanced School Affordability Fund to help parents and kids with back-to-school costs ($64M).
- $500M for the Rental Protection Fund to support non-profit housing organizations purchase affordable residential rental buildings to preserve lower-cost rental units at risk of development.
- $500M for BC Ferries Fare Affordability for coastal ferry users for the 2024 to 2028 period).
- $160M for Food Security Initiatives to strengthen the food supply chains and production across B.C. and to provide direct food support to underserved people and communities.
- Capping the allowable rental increases below inflation in 2023 at 2%.

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ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Inflation and Affordability

Question: What is government doing to reduce the effects of inflation?

Answer:

- Inflation in B.C. has continued to moderate; however, the shelter component remains elevated.
- Reducing costs for families has been a priority for this government since 2017 including eliminating bridge tolls, lowering costs for childcare and public auto insurance, expanding school meal programs and providing free transit for kids under 12.
- As part of Budget 2025, the government announced $1.1B in new measures to help reduce costs including a new ICBC rebate, supporting thousands of new middle-income rentals, and enhanced rental supports for lower-income families and seniors.
- In 2024, our government supported British Columbians by providing over $1.3B in new spending measures to support

reduced costs for people and an estimated $3.2B for new and enhanced tax credits over the fiscal plan including increases to the Climate Action Tax Credit and BC Family Benefit, and for the new income-tested Renter's Tax Credit.

- We will continue to do what we can to help with everyday costs.

Question: How is government addressing affordability issues?

Answer:

- As still elevated interest rates and prices stretch people's budgets, Budget 2025 helps reduce people's costs and offers extra support to those who need it most. This includes a new ICBC rebate, supporting thousands of new middle-income rentals, and enhanced rental supports for lower-income families and seniors.
- Since the summer of 2022, government has been delivering a number of temporary and permanent cost-of-living supports that include B.C. Affordability tax credits,

enhanced BC Family Benefit payments, ICBC rebates, a one-time BC Hydro Affordability rebate, support with back-to-school expenses for K-12 families, expanding the exemption for Employer Health Tax, and capping rent increases below inflation at 2% for 2023.

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ISSUE: Insurance Related Issues

ADVICE AND RECOMMENDED RESPONSE:

- Home insurance coverage for fire is widely available in every British Columbia community.
- British Columbia has taken action to make sure that insurance remains available and affordable to British Columbians, including:
    - eliminating “best terms pricing” in the property and casualty insurance market;
    - requiring insurance brokers to disclose the commission they receive on strata insurance; and
    - mitigating the impacts of climate change, which is a factor that contributes to rising insurance costs.
- The cost of insurance in Canada and globally has been rising in recent years, driven by increasingly catastrophic weather due to climate change, increases in construction materials, high inflation and interest rates.
- Flood insurance is becoming more expensive in British Columbia and may not be readily available in high-risk areas. The federal government committed $15M to

advance a low-cost flood insurance program and committed the Canada Mortgage and Housing Corporation (CMHC) to establish a national flood insurance program, in partnership with provinces, territories and the insurance industry.

- Direct government intervention in the cost and coverage of insurance can lead to insurers leaving the British Columbia market, which will further exacerbate the lack of capacity and affordability.
- Ministry of Finance staff will continue to work with the BC Financial Services Authority (BCFSA), other Canadian insurance regulators and the industry to monitor the insurance market and determine options for improving the availability and accuracy of insurance data.

KEY FACTS:

- Insurance coverage and pricing is a business decision of insurers based on the careful analysis of risks, market conditions and regulatory requirements.
    - The Insurance Bureau of Canada, the industry association, is available to assist people having difficulties finding coverage by assessing their situation and providing options.

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- All authorized insurers in Canada are required under federal and provincial regulations to have sufficient capital, reserves, reinsurance, and access to funding to pay out insurance claims.
- There are number of factors that are contributing to rising insurance prices in Canada and across the world, including climate change, inflation, supply chain issues and a rising cost of reinsurance.
- In addition, there are factors specific to British Columbia that affect the affordability and availability of insurance:
    - The Lower Mainland and Vancouver Island have a significant earthquake exposure. A large earthquake in those areas will have insured losses that far exceeds any past natural catastrophe in Canadian history. Some insurers are taking actions to manage their exposure to earthquake risk by reducing the number of earthquake endorsements in areas with the highest risks, increasing premiums, and deductibles.
    - Flood insurance in British Columbia is generally only available in areas with a low risk of flooding. Ministry of Finance staff is engaged on a proposed federal flood insurance program.

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QUESTIONS AND ANSWERS

ISSUE: Insurance Related Issues

Question: What is the government doing to address rising insurance costs?

Answer: In 2023, BC eliminated the industry practice of best-terms pricing for all property and casualty insurance, which helped increase affordability by banning basing a final insurance premium on the highest bid from multiple insurers who take on a portion of the risk.

In addition, the government has made investments to address climate change. For example, the Climate Preparedness and Adaptation Strategy strengthens the Province's capacity to mitigate and manage climate risks, which makes individuals better able to withstand climate change's impacts and less likely to make insurance claims.

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Question: Why isn't the government introducing a cap on insurance premiums?

Answer: The government needs to be careful to avoid distortions in the marketplace that may cause long-term, unintended consequences. Capping premiums may cause insurers to exit the BC market, which leads to less coverage and higher insurance premiums. This is already happening in several US jurisdictions, most notably California and Florida.

Question: Is insurance still widely available in BC?

Answer: Insurance, including wildfire, continues to be generally available throughout the province, although not every insurer will issue flood or earthquake insurance province-wide.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Local Government Fiscal Framework - UBCM

ADVICE AND RECOMMENDED RESPONSE:

- We are committed to having open, honest, and constructive conversations with local governments about their finance system, and how we can work together to better serve British Columbians.
- Provincial staff from the Ministry of Finance and Ministry of Municipal Affairs are engaged in active discussions with the Union of BC Municipalities (UBCM) through a working group focused on strengthening the local government finance system.
- *Budget 2025* includes investments and tax measures to address the three major cost drivers for local governments identified by UBCM (attainable housing, community safety, and facing the impacts of climate change).

KEY FACTS:

- *Budget 2025* recognizes and takes action in the three cost driver areas that the UBCM raised in their 2021 report, *Ensuring Local*

Government Financial Resiliency: Today's Recovery and Tomorrow's New Economy: housing, community safety, and climate action.

Housing

- *Budget 2025* adds $318M in new investment for BC Builds which is delivering more rental homes for middle-income people, as well as $325M in new funding over three years to provide housing options for people living outdoors and to resolve encampments and address public safety concerns.

Community Safety

- *Budget 2025* provides $500M over three years in new funding to support addiction treatment and recovery programs established through previous budgets. This funding will expand the 3,600 treatment and recovery beds currently available.
- *Budget 2025* invests $235M in new investments in justice and public safety programs, including $67M towards community safety programs that will support safer downtowns and commercial areas in communities throughout British Columbia.
- Additional funding of $104M over three years will go toward policing programs including the negotiated wage increase for

provincial RCMP detachments serving small British Columbia communities.

Climate Action

- *Budget 2025* adds $47M for BC Transit to ensure reliable bus and handyDART services in 130 communities outside the Lower Mainland.
- The federally required April 1, 2025, carbon tax rate increase will continue to be returned to people through the Climate Action Tax Credit.

BACKGROUND:

- In 2023, the Province/UBCM Working Group on Local Government Finance developed a shared problem statement and considered potential approaches to addressing the problem including consideration of ways to improve the borrowing requirements for local governments, plan and finance major infrastructure work, and respond to shifting priorities for local government budgets.
- Advice/Recommendations

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QUESTIONS AND ANSWERS

ISSUE: Local Government Fiscal Framework - UBCM

Question: What are the challenges with the local government finance system?

Answer:

- We are at our strongest when everyone, rural and urban, shares in the benefits of a strong economy.
- UBCM's 2021 report describes challenges facing local governments, including helping British Columbians attain housing, keeping our communities safe, and facing the impacts of climate change.
- Infrastructure that was built in the last century is aging around the province, and all governments share the question of how to maintain and renew critical systems at a time when borrowing costs are on the rise.

- The Memorandum of Understanding signed with UBCM in 2022 acknowledges the complexity and diversity of topics affecting both provincial and local governments.

Question: Why is there no new funding to address community-level infrastructure?

Answer:

- We know that local governments are facing serious challenges with the rising cost of infrastructure projects, including those that are required to meet national and provincial regulations. The Province worked with UBCM last year to negotiate the renewal of the federal Canada Community-Building Fund, an essential infrastructure program.
- *Budget 2023* placed $1B into the hands of local governments through the Building Communities Fund, providing communities with a nest egg to be applied to local priority projects **over five years**. Further investments in 2023 and 2024 were made in critical infrastructure priorities.

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- We know that local governments are working on long-term asset management plans to help prioritize their infrastructure renewal and replacement. As this work continues, the Province is committed to working with local governments on effective ways to provide predictable, stable infrastructure funding in the years ahead.

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ISSUE NOTE

ISSUE: Internal Trade

ADVICE AND RECOMMENDED RESPONSE:

- The Province is committed to working with the federal government and provincial and territorial governments across the country to reduce barriers to internal trade.
- The Province has introduced a bill to strengthen B.C.'s ability to respond quickly to threats of tariffs imposed on Canada by the United States, to grow a more self-reliant economy, and to defend workers and businesses.
    - The *Economic Stabilization (Tariff Response) Act* gives Cabinet the authority to remove or amend barriers that impede interprovincial trade.

KEY FACTS:

- Based on the most recent (2021) Statics Canada internal trade data:
    - Over 35% of B.C.'s exports were destined for Canadian markets;
    - Apart from the U.S., B.C. sold more goods ($19.4B) within Canada than to any other country in the world. B.C.'s domestic service exports were even larger, at just under $30B;

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- B.C.'s top interprovincial markets for goods and services exports were Alberta ($18.8B) and Ontario ($16.4B), followed by Quebec ($5.85B) in a distant third place, and Saskatchewan ($2.6B) in fourth. B.C. tends to export more services than goods to these and other provinces;
- B.C.'s top interprovincial exports are mineral fuels ($5.2B), transportation and related services ($4.7B), wholesale margins and commissions ($3.7B), food and non-alcoholic beverages ($3.6B), and accommodation and food services ($2.8B); and
- B.C.'s fastest growing interprovincial exports are utilities (electricity), wood products, non-metallic minerals, oil and gas, mineral exploration, and accommodation and food services.

BACKGROUND:

- "Trade barrier" is often used to refer to nearly any government measure that may impede the completely free movement of goods, services, investment, and workers.
- In September 2022, a Macdonald-Laurier Institute study estimated that if internal trade barriers were eliminated, Canada's economy could increase by between 4.4 and 7.9 percent over the long-term.
- Lagging Canadian productivity growth and U.S. tariff threats intensified calls in the media from policy institutes and business organizations to address internal trade barriers in Canada.

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The Canadian Free Trade Agreement (CFTA)

- The CFTA came into force in July 2017 and put in place an enforceable, rules-based regime for trade within Canada. Parties have negotiated exceptions so that they can adopt or maintain measures that are inconsistent with the rules.
- The CFTA established the Regulatory Reconciliation and Cooperation Table (RCT). Federal, provincial, and territorial (FPT) officials on the RCT identify and reconcile unnecessary regulatory differences.
- FPT internal trade ministers met as the Committee on Internal Trade (CIT) on February 28, 2025, and committed to completing a review of remaining exceptions to the CFTA by June. B.C. committed to eliminating two exceptions: reciprocity in government procurement and limiting market access in the fisheries sector and is considering the elimination of residency requirements for cooperative board members.

The New West Partnership Trade Agreement (NWPTA)

- The NWPTA creates a single economic region encompassing British Columbia, Alberta, Saskatchewan, and Manitoba.
- The NWPTA has streamlined regulations and labour mobility provisions that allow certified workers to practise in the four provinces without additional exams or training requirements.

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Mutual Recognition Approach

- On February 27, 2025, Premier David Eby was quoted as calling for a "coalition of the willing" to agree to comprehensively recognize each other's regulatory requirements…"
    - Nova Scotia has introduced such a bill which would apply to those provinces or territories that enact similar legislation.
    - On March 13, 2025, the B.C. government introduced a bill, to be called the *Economic Stabilization (Tariff Response) Act*, that would authorize Cabinet to adopt measures to promote internal trade, such as a mutual recognition approach.
- On March 5, 2025, First Ministers agreed that certified professionals with credentials in one jurisdiction should be able to work anywhere in Canada. They directed the CIT to provide a plan for Canada-wide credential recognition, while taking into account jurisdictional specificities such as language provisions for Quebec, by June 1, 2025

Financial Services Sector

- The CFTA exempted financial services such as insurance, credit unions, and trusts, but Parties committed to explore their inclusion.
- On February 28, 2025, CIT announced that it had made progress towards finalizing the Financial Services Chapter of CFTA is aiming for conclusion by May 2025
    - It is expected that B.C. will want an exemption for ICBC's monopoly on basic auto insurance coverage.

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QUESTIONS AND ANSWERS

ISSUE: Financial Services

Question: How is B.C. reducing internal trade barriers in regard to financial services?

Answer:

- B.C. regulates financial institutions for market conduct purposes to ensure that British Columbians are protected when accessing financial services.
- B.C. regulates capital markets to promote fairness, efficiency, and investor protection. The Province established the B.C. Securities Commission (BCSC) as an arm's length, independent securities regulatory authority, which has responsibility for the administration of securities laws.
- B.C. works closely with other provinces, territories, and the federal government to harmonize requirements as appropriate.
- Financial sector regulators – including the BC Financial Services Authority, BCSC, and the Insurance Council – also participate in national bodies that seek to coordinate and harmonize regulatory approaches.

MINISTRY OF FINANCE
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ISSUE NOTE

ISSUE: Carbon Pricing

ADVICE AND RECOMMENDED RESPONSE:

- Following the removal of the federal carbon pricing, B.C.'s carbon tax was removed on April 1, 2025.
- The climate action tax credit, which helped offset the impact of carbon tax on individuals and families, has also been cancelled. Final payments will be issued in April 2025.
- The Province will restructure programs that were funded by carbon tax revenue to minimize the impact on B.C.'s budget, while supporting British Columbians and continuing our fight against climate change.

KEY FACTS:

- Carbon tax rate increases scheduled to take place on or after April 1, 2025, have been cancelled and B.C.'s carbon tax rate has been reduced to $0 per tonne for all fuels and combustibles. This effectively eliminates BC's carbon tax.
- The climate action tax credit has also been cancelled for the benefit year starting in July 2025 and all subsequent benefit years.
- *Budget 2025* estimated that, if the carbon tax remained in place, B.C.'s carbon pricing system (i.e., the carbon tax and output-based

pricing system) would have brought in $3.05B in 2025/26, $3.48B in 2026/27, and $3.80B in 2027/28.

- Although carbon tax flowed into general revenue, government *notionally* allocated revenues to:
    - Offsetting personal and business income tax cuts in other areas;
    - Supporting climate-related programs, tax measures, and capital investments; and
    - The climate action tax credit.
- Ending the climate action tax credit helps offset some of the fiscal impact of eliminating the carbon tax; however, there is a remaining fiscal gap of about $2B. Decisions on how to address this gap are required and analysis of these programs is underway.

BACKGROUND:

- In December 2020, the federal government announced that all provinces and territories must have a carbon price that increases by $15 per tonne annually starting in 2023, until it reaches $170 per tonne in 2030.
- In 2021, B.C. committed to meeting or exceeding the federal carbon price for the 2023-2030 benchmark period. In keeping with this commitment, *Budget 2023* implemented annual increases to B.C.'s carbon price.

- *Budget 2023* also announced that B.C. would transition from a carbon tax to an output-based pricing system for large industrial emitters. The output-based pricing system was implemented on April 1, 2024, and is administered by the Ministry of Energy and Climate Solutions.
- In September 2024, Premier Eby committed to ending B.C.'s carbon tax if the federal government removed its national requirement for provinces and territories to impose a carbon tax.
- On March 14, 2025, Prime Minister Carney announced the end of the federal fuel charge, and thus ending the national requirement.

CURRENT STATUS:

- Government is reviewing the tax measures and spending programs that were notionally funded by carbon tax. The Minister of Finance has committed to reporting on this review in the Q1 update.
- Additional legislative and administrative work is needed to fully wind down the tax.
- The output-based pricing system remains in place; the Ministry of Energy and Climate Solutions will review the system in 2026.

MINISTRY OF FINANCE
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QUESTIONS AND ANSWERS

ISSUE: Carbon Pricing

Question: How will government address the revenue loss form the carbon tax?

Answer: There are decisions to be made on how to address the tax measures and spending programs that were notionally funded by carbon tax. This work is underway, and we plan to provide more information as part of our Q1 reporting.

Question: Why didn't you account for the removal of the carbon tax and climate action tax credit in *Budget 2025*?

Answer: *Budget 2025* reflects the province's fiscal outlook and plan as of March 4, 2025. The decisions to cancel the carbon tax and climate action tax credit were made after the budget was published, as the federal government did not formally announce the end of its carbon pricing requirements until March 14, 2025. Policy changes that are introduced after March 4 will be reflected in our Q1 reporting.

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Question: How will government address the climate crisis without a carbon tax?

Answer: The Ministry of Energy and Climate Solutions will be conducting a review of our CleanBC plan and will further consider how B.C. can meet our climate commitments without a carbon tax. Large industrial emitters will be encouraged to innovate under the output-based pricing system.

Question: Will you increase the price paid under the output-based pricing system?

Answer: The removal of the carbon tax does not impact B.C.'s industrial carbon pricing scheme, the output-based pricing system (OBPS). The OBPS incentivizes industry to adopt lower-carbon technologies while maintaining their competitiveness. The Province is scheduled to review the OBPS starting in 2026 to make sure it continues to reduce emissions and support innovation. Until then, OBPS compliance charge rates will remain as it stands.

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Question: What are you going to do for low- and middle-income individuals who are losing CATC?

Answer: The impact on individuals and families depends on their carbon consumption and income. Removing the consumer carbon tax helps with affordability by lowering the cost of fuel and home heating. We will continue to focus on affordability and helping low- and middle-income individuals and families in other areas.

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MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Employer Health Tax and Elimination of MSP

ADVICE AND RECOMMENDED RESPONSE:

- We continue to monitor the impact of the employer health tax on smaller businesses and B.C.'s overall competitiveness while actively listening to the business community to ensure our policies continue to support business and job growth in our province.
- B.C. is tied for the lowest employer health tax rate compared to other provinces with a payroll tax (tied with Ontario).
- *Budget 2024* doubled the exemption threshold from $500,000 to $1M, providing full or partial relief for businesses with payroll up to $1.5M.
- The employer health tax is forecast to bring in $3.147B in revenue in 2025/26 and $3.280B in 2026/27, which helps pay for the services and programs needed by British Columbians.
- With the increased exemption threshold, an estimated 90% of businesses with employees are exempt from the

employer health tax and every business with payroll between $500,000 and $1.5M will be paying less than before; businesses with payroll above $1.5M will be paying the same.

- This means that an additional 9,000 businesses are now exempt from the employer health tax and over 4,000 businesses will be partially exempt.

KEY FACTS:

- Businesses with payroll below $500,000 were exempt from taxation between 2019 and 2023. *Budget 2024* increased this exemption amount to $1M from 2024 calendar year onwards.
- Business with payroll between the $1M and $1.5M have the tax gradually phased in.
- Businesses with payroll over $1.5M pay the full rate of tax and are unable to claim the exemption amount.
- Preferential tax treatment is provided to charities and not-for-profit organizations.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Employer Health Tax and Elimination of Medical Services Plan

Question: Is the increased exemption threshold enough to help smaller businesses with their costs?

Answer:

- The government doubled the exemption amount as part of *Budget 2024*.
- This means that 90% of businesses with an employee do not pay the employer health tax. This ratio is even higher when looking at all businesses.
- B.C.'s exemption amount is now matched with Ontario's at $1M.
- B.C. also has the lowest full tax rate when comparing with other provinces with a payroll tax at 1.95%.
- B.C. continues to have a strong, competitive economy with some of the lowest income taxes in the country.

- This includes an expanded access to the small business rate for corporate income taxes. This expanded access means more businesses will be able to grow their businesses while taking advantage of this reduced rate.
- The government will continue to monitor the impact of the employer health tax on businesses and make adjustments where necessary.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Film and Television Tax Credits

ADVICE AND RECOMMENDED RESPONSE:

- The policy intent of the film and television tax credits is to help build a sustainable motion picture industry in British Columbia with a well-paid and skilled local workforce and a positive return on investment for British Columbians.
- The industry was hit hard by the strike actions that took place in 2023 affecting productions for more than 6 months.
- We have proposed in *Budget 2025* to boost the tax credits to ensure that B.C. remains a destination of choice for filmmakers in Canada and around the world, employing skilled British Columbians, and to introduce a new major productions tax credit of an additional 2% of eligible labour expenditures when B.C. production spend is greater than $200M.
- *Budget 2025* also proposes the re-introduction of the regional and distant location tax credit for animation productions with new eligibility and verification procedures to ensure the credits are only going to those claimants with a brick-and-mortar presence in those locations.

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Division: Policy and Legislation Division

- As with all of government's expenditures, we will continue to monitor the impact of this program and its efficacy for supporting the industry in British Columbia.

KEY FACTS:

- The film and television tax credit program is the province's largest targeted income tax credit. The Film Incentive BC tax credit and the production services tax credit cost $909M in 2023/24, are estimated to cost $952M in 2024/25, and are planned to cost $1,025M in 2025/26.
- According to Creative BC modeling (i.e., CIERA), in 2023 the industry contributed over $2B (net of tax credits) to the B.C. economy ($868M direct, $386M indirect, and $753M induced) as well as 26,000 jobs (15,948 direct, 4,881 indirect, and 5,325 induced).
- Approximately 500 film and television production companies spend an average of $2B in eligible B.C. labour expenditures each year (i.e., salaries and wages for services performed by British Columbia-based individuals).
- The credits vary on type of production and the amount of specialized and regional work on the production. Domestic productions can claim a cumulative tax credit of up to 73.5% on eligible labour, while foreign productions can claim up to 64%.[1]

[1] Productions with principal photography after December 31, 2024. New amounts are subject to legislative approval of the *Budget Measures Implementation Act, 2025*.

- As not all labour expenditures will be eligible for each credit, the amount of labour actually offset the credits is lower than the amounts above. For the most recent five-year period of complete data (2018-2022), the effective tax credit for the programs has been 50% of labour expenditures offset for domestic productions and 40% for foreign productions.

BACKGROUND:

Animation productions and the location tax credits

- The regional and distant location tax credits were amended in *Budget 2024* to remove animation productions from eligibility for the credits.
- This was to address a growing trend of animation companies using the credit to subsidize remote teleworkers, which is not the intended use of the credit.
- Animation productions remained eligible for the basic tax credits under the Film Incentive BC and the production services tax credits, as well as the digital animation, visual effects, and post-production services tax credits.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

Film and television tax credit rates

Film Incentive BC (Canadian content)	Production services tax credit (non-Canadian content)
Basic credit of 40%[2] on all eligible labour for productions with principal photography after December 31, 2024.	Basic credit of 36%[3] on all eligible labour for productions with principal photography after December 31, 2024.
Supplemental credit of an additional 16% on the portion of labour eligible for the digital animation, visual effects, and post-production services (D.A.V.E.) tax credit.	Supplemental credit of an additional 16% on the portion of labour eligible for the digital animation, visual effects, and post-production services (D.A.V.E.) tax credit.
Supplemental credit of an additional 12.5% on the portion of labour eligible for the regional location tax credit (effectively, outside of Vancouver).	Supplemental credit of an additional 6% on the portion of labour eligible for the regional location tax credit (effectively, outside of Vancouver).
Supplemental credit of an additional 6% on the portion of labour eligible for the distant location tax credit (effectively, outside of Vancouver, Fraser Valley, and Whistler/Squamish).	Supplemental credit of an additional 6% on the portion of labour eligible for the distant location tax credit (effectively, outside of Vancouver, Fraser Valley, and Whistler/Squamish).

[2] Subject to legislative approval of the *Budget Measures Implementation Act, 2025*.
[3] Subject to legislative approval of the *Budget Measures Implementation Act, 2025*, and corresponding regulation changes.

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Film Incentive BC (Canadian content)	Production services tax credit (non-Canadian content)
Supplemental credit of an additional 35% for eligible B.C. scriptwriter labour.	
Supplemental credit of an additional 30% of payments made to trainees or 3% of qualifying B.C. labour expenditures (whichever is less).	

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: FILM AND TELEVISION TAX CREDITS

Question: How will the re-introduction of the regional and distant location tax credits for animation productions be administrable?

Answer:

- The regional and distant location tax credits were amended in *Budget 2024* to remove animation productions from eligibility for the credits to address a growing trend of animation companies using the credit to subsidize remote teleworkers, which is not the intended use of the credit.
- Based on feedback from animation productions, we are restoring the regional and distant location tax credits for these productions with some changes to eligibility and verification to ensure compliance.
- We believe that the "physical office" requirement will help make sure the credits are claimed by companies with a brick-and-mortar presence in those areas, and will assist

the Ministry of Tourism, Arts, Culture and Sport, as certifying authority, to check the compliance with these new requirements.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Flipping Tax

ADVICE AND RECOMMENDED RESPONSE:

- The B.C. home flipping tax targets investors speculating on the housing market through short-term property flipping, which drives up prices for families.
- It is part of a larger set of tools the government is using to help people find housing – and its revenue goes toward creating more homes for people.
- The tax has only been in effect for several months. It is too early to assess the tax's impact on the B.C. real estate market.

KEY FACTS:

- Between 2020 and 2022, there were approximately 10,000 annual transactions where properties were sold for a profit within 2 years of purchase, reflecting 7% of real estate transactions.
- An estimated 4,000 transactions may be subject to the tax each year and the tax is expected to generate approximately $43M a year in provincial revenues. Annual revenue estimates are based on the previous year's flipping transactions, as well as behavioral changes

expected in response to the tax and general assumptions about real estate market activity.

- The provincial tax is a distinct tax from the federal government's "flipping rule." The federal rule ensures that profits from the sale of a flipped home are taxed as business income. The federal rule considers a "flipped property" a housing unit that has been owned for fewer than 365 days. Under the rule, 100% of the profits from the sale of a flipped property are taxable. Profits are not eligible for the 50% capital gains inclusion rate or the principal residence exemption. In contrast, the B.C. home flipping tax applies to residential property bought and sold within two years and is paid in addition to any federal or provincial income tax on the sale.

Details About the Tax

- The B.C. home flipping tax came into effect on January 1, 2025, under the *Residential Property (Short-Term Holding) Profit Tax Act.*
- The B.C. home flipping tax applies to profits earned from selling property in B.C. (including presale contracts) if owned for less than 730 days (2 years). Property subject to the tax includes residential real estate (including vacant lots zoned for residential use) and pre-sale contracts for residential properties.
- Property purchased before the tax's effective date may be subject to the tax if sold on or after January 1, 2025.
- The tax targets those who buy homes to flip for profit, not those experiencing unavoidable life changes or contributing to housing

supply. Exemptions apply for life circumstances such as divorce, death, illness, job loss, work relocation, or changes in household membership. Additional exemptions cover builders, developers, and those who renovate at least 90% of a property or add a housing unit.

- Those who sell a property after living in the property for a year may be eligible for a $20,000 deduction from their taxable profit.

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POLICY AND LEGISLATION DIVISION
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Flipping Tax

Question: Why did the government bring in this tax, is the tax too late?

Answer:

- Existing income taxes have provided people with the opportunity to take advantage of preferential tax treatment for buying and selling property.
- Short-term flipping drives up prices: approximately 7% of residential properties sold each year were bought within the last two years and those properties are often resold at a higher price. This puts home ownership even further out of reach for people.
- Taxing the profits on quick flips will make profiteers think twice and reduce speculative behavior.
- The flipping tax is one of many actions the government is taking to help people find homes they can afford and build a good life in the community they love.

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Question: What impact has the tax had to date?

Answer:

- The tax came into effect on January 1, 2025, and has only been in effect for several months. It is too early to assess the tax's impact on the B.C. real estate market.
- Taxpayers have 90 days to file a B.C. home flipping tax return after the disposition of a taxable property. Meaning, many of those subject to the tax and sold properties in the past several months still have time to file their tax return and remit amounts owed.

Question: Will the tax encourage flippers to keep houses empty for longer?

Answer:

- B.C. is discouraging people from leaving homes vacant in more ways than one.
- The flipping tax works together with the speculation and vacancy tax (SVT): if someone holds a property vacant, they would still be subject to the SVT in taxable areas.

- People also pay the traditional costs that come with holding property, including property taxes, maintenance fees and interest payments. These costs along with the SVT will help discourage investors from leaving homes vacant.

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POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Property Transfer Tax (PTT)

ADVICE AND RECOMMENDED RESPONSE:

- Our government is determined to make sure everyone in B.C. has access to an affordable place to live.
- Last year, we increased the exemption thresholds under the first-time home buyers and newly built homes programs and enhanced exemptions for new qualifying purpose-built rental buildings.
- These initiatives ensure people have the support they need to buy their first home and encourage the new supply of rental and moderately priced housing.
- We're tackling the housing crisis on both fronts: fighting speculation and building record numbers of homes, including accelerating housing construction even further.

KEY FACTS:

General PTT

- The general PTT applies to all purchases or gains in interest in property that are registered at the Land Title Office. The general tax rates are

  - 1 per cent of the fair market value up to and including $200,000.
  - 2 per cent of the fair market value greater than $200,000 and up to and including $2M.
  - 3 per cent of the fair market value greater than $2M.
- A further 2 per cent PTT is applied to the residential portion of the property value that exceeds $3M.
- Foreign nationals, foreign corporations and taxable trustees also pay the additional PTT of 20 per cent on their share of a residential property within specified areas of British Columbia.
- As announced in *Budget 2025*, the PTT revenue is forecast to be $2.0B for the fiscal year 2024/25, $2.2B for 2025/26 and $2.4B for 2026/27.

First Time Home Buyers Exemption

- The first-time home buyers' exemption reduces or eliminates the amount of PTT payable on the purchase of a principal residence for qualifying buyers.
- Effective April 1, 2024, the first-time home buyers’ exemption threshold increased from a fair market value of $500,000 to $835,000, with the first $500,000 exempt from PTT. A partial exemption is also available to properties with fair market values between $835,000 and $860,000.

- This means that eligible first-time home buyers can save up to $8,000 in PTT on the purchase of a principal residence.

Newly Built Home Exemption

- The newly built home exemption reduces or eliminates the PTT on qualifying purchases of a newly built principal residence.
- Effective April 1, 2024, the exemption threshold for newly built homes increased from a fair market value of $750,000 to $1.1M. A partial exemption is also available to properties with fair market values between $1.1M-$1.15M.

New Purpose-Built Rental Buildings Exemption

- Effective for transactions that occur between January 1, 2025, and December 31, 2030, purchases of new qualifying purpose-built rental buildings are exempt from the general PTT.
- Purpose-built rental buildings are those that are non-stratified and held as rentals, on a monthly basis or longer, for at least 10 years. The residential portion of the building must be entirely used for rental purposes and have at least four apartments.
- This exemption builds on the further 2 per cent PTT exemption for new purpose-built rentals announced in *Budget 2023* and the rental housing revitalization tax exemption provided in *Budget 2018*. It further encourages the construction of new purpose-built rental buildings to address housing affordability.

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ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Property Transfer Tax

Question: Why aren't the first-time home buyers and newly built home exemptions income tested?

Answer: The exemptions are geared towards British Columbians who are entering the market in lower cost homes, so tying it to home prices makes the most sense, especially in communities with high real estate prices.

Question: The first-time home buyers' and newly built home exemptions help homeowners. What are you doing to support renters?

Answer: We are also working hard to reduce costs for renters. We're putting up to $400 a year back in people's pockets with the Renter's Tax Credit. We provide PTT exemptions for new qualifying purpose-built rental buildings to encourage the construction of rental housing and help increase housing affordability for renters. BC's Rental

Assistance Program and the Shelter Aid for Elderly Renters help make rents more affordable for families and seniors with low to moderate incomes. We're going to continue to support renters and provide broader cost-of-living relief to those who need it most.

Question: How does a property qualify for the purpose-built rental exemption from the general property transfer tax?

Answer: To qualify, the purpose-built rental building must have at least four separate apartments at the time the property is registered at the Land Title Office, and must be:

- Purchased between January 1, 2025, and December 31, 2030.
- Newly built as a rental building.
- Entirely used for rental purposes in the residential (Class 1) portion of the building.
- Not a resale.
- Not previously occupied as a residence.
- Non-stratified.

The building must be held as a rental for 10 years to qualify for the full exemption, with each of the four or more units being rented or held for rent on a monthly basis or longer.

Question: Can foreign buyers or corporations get the purpose-built rental exemption?

Answer: Yes; no one is excluded from this exemption. We want to incentivize the construction of purpose-built rental buildings, and a significant number of these buildings are purchased by corporations. There are eligibility requirements for the property, as well as stringent reporting and notification obligations for building owners to ensure these buildings are used for long-term rentals.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Speculation Tax – General

ADVICE AND RECOMMENDED RESPONSE:

- The speculation and vacancy tax was introduced in 2018 as part of the 30-point housing plan to help make housing more affordable.
- The speculation and vacancy tax helps turn empty properties into homes for people, discourages real estate speculation, and ensures homeowners who report most of their income outside of Canada pay their fair share of taxes.
- In 2026, the speculation and vacancy tax rates will be increased from 2 to 3 per cent for foreign owners and untaxed worldwide earners, and from 0.5 to 1 per cent for Canadian citizens and permanent residents.
- These rate increases will help ensure residential properties are used as homes rather than investments.
- All money raised from the tax is invested back into housing in regions where the tax applies, so more people can get the homes they need.

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MINISTRY OF FINANCE
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KEY FACTS:

- The declaration deadline for the 2024 calendar year is March 31, 2025, and the tax is due July 2, 2025. Updated revenue and data for 2024 will be available in August.
- Since its introduction in 2018, the speculation and vacancy tax has raised more than $470M to help fund affordable housing initiatives in regions where the tax applies. For the sixth year (2023 tax year), more than $75M was raised.
- In the sixth year of the tax, about 82 per cent of speculation and vacancy tax revenue came from foreign owners, untaxed worldwide earners, Canadians living outside B.C. and other non-British Columbia resident owners. Over 99 per cent of British Columbians continue to be exempt from the tax.
- Budget 2025 estimates revenue for fiscal year 2024/25 to be $102M, increasing to $137M for the next two fiscal years due to the increased tax rates.
- Actual annual revenue may change as some owners are undeclared, and owners may amend a declaration for up to three years.

BACKGROUND:

- On October 16, 2018, the government introduced the *Speculation and Vacancy Tax Act* to help tackle speculation in B.C.'s housing market and turn empty houses into homes.

- Exemptions for British Columbians include principal residence, "occupied by a tenant" and special circumstances such as home renovations or divorce.
- The speculation and vacancy tax rates are:
    - 2 per cent for foreign owners and untaxed worldwide earners.[1]
    - 0.5 per cent for Canadian citizens or permanent residents of Canada who are not untaxed worldwide earners.
- Budget 2025 announced rate increases that will take effect in 2026 – 3 per cent for foreign owners and untaxed worldwide earners and 1 per cent for Canadian citizens and permanent residents.
- Budget 2025 also announced an increase to the speculation and vacancy tax credit for B.C. residents from $2,000 to $4,000 to reflect the higher tax rate, which takes effect in 2026. British Columbians with a second home in the taxable areas will continue to be exempt from the speculation and vacancy tax for the first $400,000 assessed value of their home through this tax credit.
- Revenue collected from the speculation and vacancy tax is directed into the Housing Priority Initiatives special account, which is used to help fund affordable housing in the regions where the tax applies.
- Since its inception, the tax has been expanded twice to include six additional communities starting in 2023 and another 13 communities starting in 2024.

[1] The tax rate for foreign owners and untaxed worldwide earners was increased from 0.5% in 2018 to 2% in 2019.

- The tax currently applies to 59 specified areas.
- With the passing of Budget legislation and a new regulation, the Predator Ridge resort in the City of Vernon will be excluded from the speculation and vacancy tax, retroactive to January 1, 2024.
- Each year, the Ministry of Finance is required to consult with mayors from areas where the tax applies. This annual consultation is an opportunity to gather feedback about how the tax is working and whether any changes are necessary.

Reporting Requirements

- *The Speculation and Vacancy Tax Act* requires two reports:
    - An annual report following the annual mayors' consultation needs to be laid before the Legislative Assembly.
    - A comprehensive review of the Act and its regulations. The review must consider the effectiveness of the legislation with respect to housing affordability, including vacancy rates, sale prices of residential property, rents for residential property, and other relevant factors. The most recent five-year review was initiated in May 2021, and the report was published in June 2022. The next five-year review is expected in 2026.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Speculation and Vacancy Tax

Question: Given the current housing market, is the speculation and vacancy tax working?

Answer:

- We knew from the beginning that it would not be easy to address issues in our real estate market and bring affordability to British Columbians.
- That's why our 30-point housing plan and the updated *Homes for People,* introduced in 2023, include a whole suite of actions to help return affordability to our province, including making the largest investment in housing supply in B.C.'s history – $19B over 10 years.
- Based on data to date, we see the speculation and vacancy tax is working as intended. It is taxing speculators, foreign owners and people who own vacant homes while exempting more than 99 per cent of British Columbians.
- The tax has helped add around 20,000 condo units to the long-term rental market in Metro Vancouver.

- We've been carefully monitoring vacancy rates, home sales, and housing prices to see how the market responds to our housing actions and to develop new policies designed to encourage long-term rentals and discourage real estate speculation.

Question: When will the new speculation and vacancy tax rates take effect?

Answer:

- The new rates will take effect on January 1, 2026. The new tax rates will apply to the speculation and vacancy tax payable by property owners based on the use of their residential properties during the 2026 calendar year and onward. The new rates will not impact taxpayers declaring based on the use of their residential properties in 2025 or before.

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Question: Why are you excluding Predator Ridge from the speculation and vacancy tax?

Answer:

- B.C. has a spectrum of different types of communities, and every year we consider potential changes as we prepare the provincial Budget.
- With the passing of Budget legislation and a new regulation, the Predator Ridge resort in the City of Vernon will be excluded as a specified speculation and vacancy tax area, retroactively to January 1, 2024.
- That means people who live in the small golfing community will not be subject to the tax and will not have to make a declaration each year.
- Predator Ridge will be excluded because we took a serious look at the facts surrounding it. It is not a typical community; it is a unique development more akin to a commercial ski resort that draws tourists and travelers.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Tax competitiveness for individuals

ADVICE AND RECOMMENDED RESPONSE:

- British Columbians pay some of the lowest personal income taxes among provinces.
    - B.C. has two of the lowest income tax rates in Canada for those earning less than $100,000.
    - Individuals earning up to $50,000 pay the second least amount of provincial income tax.
    - British Columbians earning $50,000 to $148,000 pay the lowest amount of provincial income tax.
    - B.C. introduced new tax brackets in 2018 and in 2020.
    - These brackets have increased revenue for infrastructure and services while maintaining B.C.'s competitive tax system, maintaining a top marginal rate (53.50%) that is comparable to Ontario (53.53%) and Quebec (53.31%).
- B.C. also offers several credits to assist with the costs of everyday living:

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File Name: MO_PLD_13_Tax_Competitiveness_for_Individuals[1].docx

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  - The B.C. Family Benefit, which provides a monthly benefit to families with children under the age of 18.
  - The climate action tax credit, which provides a quarterly benefit to low- to moderate-income households to help offset the additional costs of the carbon tax.
  - The renter's tax credit provides an up to $400 tax credit to eligible renter households.
- To offset the costs of the carbon tax, B.C. has also committed to returning 100% of incremental revenue of carbon tax back to British Columbians. This ensures that the climate action tax credit benefit levels and thresholds will be maintained for the 2025/26 benefit year.

KEY FACTS:

- The government has increased taxes for high-income individuals:
  - A new top tax bracket of 20.5 per cent was introduced in 2020, which applies to income above $259,829 as of 2025.
  - A new tax bracket of 16.8 per cent was introduced in 2018, which applies to income between $181,232 and $259,829.

  - B.C. has a top marginal tax rate (53.50%) that is comparable to Ontario (53.53%) and Quebec (53.31%).
- B.C. has generally maintained competitive personal income taxes.
  - Individuals earning $25,500 or less generally don't pay any personal income taxes in B.C.; the only province in Canada where this is the case.
  - Individuals earning $30,000 to $50,000 pay the second lowest amount of personal income taxes in B.C., with only individuals in Ontario having a lower burden.
  - Individuals earning $50,000 to almost $150,000 generally pay the lowest amount of personal income taxes in B.C. compared to any other province.
    - As of February 27, 2025, due to a newly introduced tax bracket announced for Alberta, individuals earning $150,000 will pay slightly less income tax in Alberta than in British Columbia ($64).
  - Appendix A provides an interprovincial comparison of personal income taxes, which is included in *Budget 2025*.
- In addition to a competitive personal income tax climate, B.C. provides several other beneficial tax incentives to individuals. These incentives include:
  - The B.C. Family Benefit, which provides a monthly benefit to families with children under 18.

- The maximum amounts for 2025/26 for income up to $29,526 are $1,750 for a first child, $1,100 for a second child, and $900 for every additional child for the higher benefit amount. Single parents may also be eligible for up to $500 as a supplement.
- The lower annual benefits that are guaranteed up to income of $94,483 and reduced thereafter are $775 for a first child, $750 for a second child, and $725 for every additional child.

- The climate action tax credit, which provides individuals or families with a credit to help offset the impact of carbon taxes.
  - The adult amount will be $504, the spouse/common-law partner or first child amount in single-parent families will be $252, and the child amount is $126 per child.
  - The single person income threshold is $41,071 while the family income threshold is $57,288.
- The renter's tax credit provides a tax credit of up to $400 per year for renters, starting with the 2023 calendar year.
  - The income thresholds for the 2025 tax year have been increased to $64,764, with the benefit fully phasing out at $84,764.

MINISTRY OF FINANCE
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ISSUE NOTE

APPENDIX A: *BUDGET 2025* – TABLE A4

Table A4 Interprovincial Comparisons of Provincial Personal Income Taxes Payable [1] – 2025
(Rates known as of February 1, 2025)

Taxable income	British Columbia	Alberta	Saskat-chewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	New-foundland and Labrador
	Annual provincial taxes payable [3] ($)									
$10,000	0	0	0	0	0	0	0	0	0	0
$20,000	0	0	0	264	0	0	0	552	72	0
$30,000	365	561	638	1,292	300	815	816	1,448	1,300	1,467
$40,000	1,185	1,485	1,675	2,290	1,165	1,974	1,982	2,875	2,428	2,271
$50,000	1,701	2,409	2,827	3,326	2,277	3,290	3,104	4,349	3,699	3,385
$60,000	2,430	3,333	3,917	4,517	3,035	4,808	4,346	5,823	4,970	4,763
$70,000	3,162	4,264	5,092	5,716	3,911	6,371	5,677	7,447	6,394	6,147
$80,000	3,901	5,222	6,290	6,938	4,940	7,879	7,020	9,078	7,988	7,540
$100,000	5,448	7,217	8,784	9,482	6,827	10,997	9,814	12,429	11,300	10,570
$125,000	8,266	9,717	11,909	13,726	10,500	15,619	13,740	16,804	15,629	14,520
$150,000	11,616	12,217	15,034	18,076	14,852	20,860	17,740	21,179	20,158	18,470
	Provincial personal income taxes as a per cent of taxable income (%)									
$10,000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
$20,000	0.0	0.0	0.0	1.3	0.0	0.0	0.0	2.8	0.4	0.0
$30,000	1.2	1.9	2.1	4.3	1.0	2.7	2.7	4.8	4.3	4.9
$40,000	3.0	3.7	4.2	5.7	2.9	4.9	5.0	7.2	6.1	5.7
$50,000	3.4	4.8	5.7	6.7	4.6	6.6	6.2	8.7	7.4	6.8
$60,000	4.0	5.6	6.5	7.5	5.1	8.0	7.2	9.7	8.3	7.9
$70,000	4.5	6.1	7.3	8.2	5.6	9.1	8.1	10.6	9.1	8.8
$80,000	4.9	6.5	7.9	8.7	6.2	9.8	8.8	11.3	10.0	9.4
$100,000	5.4	7.2	8.8	9.5	6.8	11.0	9.8	12.4	11.3	10.6
$125,000	6.6	7.8	9.5	11.0	8.4	12.5	11.0	13.4	12.5	11.6
$150,000	7.7	8.1	10.0	12.1	9.9	13.9	11.8	14.1	13.4	12.3

[1] Calculated for a single individual with wage income, and claiming credits for Canada Pension Plan and Quebec Pension Plan contributions, Employment Insurance premiums, Quebec Parental Insurance Plan premiums, and the basic personal amount.

2 Quebec residents pay federal tax less an abatement of 16.5 per cent of federal tax. In the table, the Quebec abatement has been used to reduce Quebec provincial personal income tax for comparative purposes.

3 Includes provincial low-income reductions, surtaxes payable in Ontario and Prince Edward Island, and the Ontario Health Premium tax. Excludes sales tax credits and property tax credits.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

Note: Alberta announced on February 27, 2025, that it would be introducing a new tax bracket for income earned on the first $60,000 at 8%. This will not affect B.C.'s tax placement on the table above until $150,000 of an individual's earned income.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Tax Competitiveness for Businesses

ADVICE AND RECOMMENDED RESPONSE:

- Business competitiveness is not just about low taxes. It requires all the factors that drive economic productivity.
- For a small, open economy like B.C., factors such as access to talent and capital, high quality physical and social infrastructure, strong public healthcare, and a business climate that supports innovation are key to gaining advantage in the global marketplace.
- Government recognizes the importance of listening to business owners and entrepreneurs to help them grow and succeed.
- This government has taken steps to support B.C. businesses through the taxation system:
    - We expanded access to the small business corporate income tax rate so that businesses can invest and grow while still benefiting from the reduced rate.
    - We reduced Employer Health Tax obligations by increasing the exemption threshold, thereby exempting roughly 90% of businesses with employees from the tax.
    - We eliminated the provincial sales tax on electricity for businesses.

  - In *Budget 2025*:
    - We propose increasing the tax credits for film and television production to retain and increase high paying jobs in this sector, introducing a major production tax credit, and allowing animation productions to again claim the regional and distant location tax credits.
    - We propose increasing the interactive digital media tax credit and make it permanent to remove uncertainty in this sector.
    - We propose increasing the small business venture capital program to help promote investment, job growth and innovation in British Columbia.
    - And finally, we are proposing the extension of the Training Tax Credit for Apprentices for another three years to support the development of our labour force.
- B.C. also generally has low corporate income tax rates:
  - At 2%, B.C.'s small business corporate income tax rate is lower than Ontario and Quebec and tied with Alberta.
  - At 12%, B.C. is tied with Saskatchewan and Manitoba for the fourth lowest general corporate income tax rate.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

KEY FACTS:

- Over the past few years, B.C. has faced criticisms of tax competitiveness challenges from organizations such as the Fraser Institute, particularly with respect to business tax competitiveness.
- Tax competitiveness challenges may deter businesses from locating and investing in B.C. in favour of lower tax jurisdictions. This may also reduce a business's incentive to expand operations.
- Businesses consider many factors, including taxation, when determining where to invest. Non-tax factors, such as proximity to markets, access to skilled labour, and infrastructure also play a significant role in influencing decisions and B.C. can leverage its strengths in these areas.
- B.C. generally has low corporate income tax rates:
    - At 2%, B.C.'s small business corporate income tax rate is lower than Ontario and Quebec and tied with Alberta.
    - At 12%, B.C. is tied with Saskatchewan and Manitoba for the fourth lowest general corporate income tax rate.
- B.C.'s employer health tax is tied with Ontario for the lowest rate in the country when compared to other provinces with a payroll tax.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

Table A2 Interprovincial Comparisons of Tax Rates – 2025
(Rates known and in effect as of February 1, 2025)

Tax	British Columbia	Alberta	Saskat-chewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfound-land and Labrador
Corporate income tax (per cent of taxable income)										
General rate	12	8	12	12	11.5	11.5	14	14	16	15
Manufacturing rate [1]	12	8	10	12	10	11.5	14	14	16	15
Small business rate	2	2	1	0	3.2	3.2	2.5	2.5	1	2.5
Small business threshold ($000s)	500	500	600	500	500	500	500	500	500	500
Corporation capital tax (per cent)										
Financial [2]	*Nil*	*Nil*	0.7/4	6	*1.25*	1.25	4/5	4	5	6
Payroll tax (per cent) [3]	1.95	*Nil*	*Nil*	2.15	1.95	4.26	*Nil*	*Nil*	*Nil*	2
Insurance premium tax (per cent) [4]	2/7	3/4	3/4	2/4	2/3.5	3.3	2/3	3/4	3.75/4	5
Fuel tax (cents per litre) [5]										
Gasoline	32.11	30.61	32.61	30.11	37.40	32.93	41.99	46.62	40.26	39.47
Diesel	35.74	34.39	36.39	33.89	42.13	35.56	52.16	52.24	51.70	46.95
Sales tax (per cent) [6]										
General rate	7	*Nil*	6	7	8	9.975	10	10	10	10
Tobacco tax ($ per carton of 200 cigarettes) [7]	77.30	60.00	68.12	71.95	48.76	41.80	67.21	76.01	76.01	82.57

1 In British Columbia (and some other provinces), the general rate applies to income from manufacturing and processing.

2 Saskatchewan provides a lower rate for small financial corporations, while Manitoba exempts small financial corporations from taxation. The tax in Ontario and Quebec only applies to life insurance companies. New Brunswick generally applies a 4 per cent tax on financial institutions, with a 5 per cent tax on banks specifically. Saskatchewan, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador each provide capital tax deductions.

3 Provinces with payroll taxes provide payroll tax relief for small businesses. Quebec levies a compensation tax of up to 2.8 per cent on salaries and wages paid by financial institutions, other than insurance corporations, which are taxed at a rate of 0.3 per cent.

4 Lower rates apply to premiums for life, sickness, and accident insurance; higher rates apply to premiums for property and other classes of insurance, including automobile insurance. In British Columbia, the highest rate applies to premiums paid to unlicensed insurers. Quebec's rate includes the 0.3 per cent rate of compensation tax levied on insurance corporations. In Saskatchewan, Manitoba, Ontario, Quebec, and Newfoundland and Labrador, sales taxes also apply to certain insurance premiums except, generally,

those related to individual life and health.

5 Tax rates are for regular fuel used on highways and include all provincial taxes payable by consumers at the pump. The British Columbia rates include 6.75 cents per litre dedicated to the B.C. Transportation Financing Authority, and the carbon tax rates of 17.61 cents per litre for gasoline and 20.74 cents per litre for diesel. The British Columbia rates do not include regional taxes that increase the gasoline and diesel rates by 18.5 cents per litre in the South Coast British Columbia Transportation Authority service region, and by 5.5 cents per litre in the Capital Regional District. The rates for Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador include provincial sales tax based on average pump prices as of January 2025. The rates for Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland and Labrador, Nova Scotia, New Brunswick, and Prince Edward Island include federal carbon pricing backstop rates of 17.61 cents per litre for gasoline and 21.39 cents per litre for diesel. In Alberta, fuel tax rates, including gas and diesel, are adjusted quarterly based on an average West Texas Intermediate price within a given period. The temporary fuel tax reduction in Newfoundland and Labrador has been included and is in effect until March 31, 2025. The temporary fuel tax reduction in Ontario has been included and is in effect until June 30, 2025. Quebec's rates do not include increased or reduced regional tax rates, such as an additional 3 cents per litre on gasoline in the Montreal area.

6 Tax rates shown are statutory rates. Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador have harmonized their sales taxes with the federal GST. Alberta imposes a 4 per cent tax on short-term rental accommodation. Effective April 1, 2025, Nova Scotia's general rate will decrease to 9 per cent.

7 Includes estimated provincial sales tax / provincial portion of the harmonized sales tax in all provinces except Alberta and Quebec.

Note: Nova Scotia has proposed reducing its small business tax rate to 1.5% in its *Budget 2025* and increasing its small business threshold to $700,000. Saskatchewan has since confirmed that its small business rate will remain at 1% permanently.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Tax Competitiveness for Businesses

Question: How does Nova Scotia's reduction to its small business rate impact B.C.'s competitiveness?

Answer:

- We note that Nova Scotia has proposed a reduction to its small business rate to 1.5% in its *Budget 2025*.
- B.C.'s corporate income tax rates remain competitive despite this.
- At 2%, B.C.'s small business tax rate is lower than Ontario and Quebec and tied with Alberta, which are more appropriate comparative jurisdictions.
- We recognize that tax policy changes in other provinces warrant attention, however, business competitiveness is not just about low taxes.
- We will continue to monitor these changes and impacts on B.C.'s competitiveness while actively listening to the business community to ensure our policies continue to support business and job growth in our province.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Tax on Capital Gains

ADVICE AND RECOMMENDED RESPONSE:

- Both the Conservative and Liberal federal parties have confirmed that they would not proceed with the changes to the capital gains inclusion rate previously announced in the *Federal Budget 2024*, which means that regardless of the federal election on April 28, 2025, these changes will no longer come into effect.
- The *Federal Budget 2024* had proposed changes to the taxation of capital gains, including an increase to the capital gains inclusion rate from one half to two-thirds. This would have increased B.C. income tax revenue.
- The increase to the inclusion rate was to come into effect on June 25, 2024, with impacts to revenue expected to begin in the 2024/25 fiscal year.
- Consistent with standard practice, the province included the projected corporate and personal income tax revenues across the fiscal plan in the 2024/25 *First Quarterly Report*.
- In January 2025, the federal Minister of Finance deferred implementation of the change to January 1, 2026.
- As a result, B.C. removed a total of $1.1B in projected revenues from the fiscal plan in *Budget 2025*.

Contact: Jeremy Hewitt
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File Name: MO_PLD_15_Tax on Capital Gains
Phone: Government Financial Information

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

KEY FACTS:

- The federal government proposed several changes to the taxation of capital gains in *Federal Budget 2024:*
  - increasing the capital gains inclusion rate to two-thirds (from one half) for individuals on capital gains in excess of $250,000;
  - increasing the inclusion rate to two-thirds (from one half) for corporations and most trusts on all capital gains in the year;
  - increasing the lifetime capital gains exemption to $1.25M (from $1.02M) with indexation in future years; and
  - introducing a new Canadian Entrepreneurs' Incentive.
- Draft legislation was released in June and August 2024 but was not introduced before Parliament was prorogued in early 2025.
- Mark Carney announced in March 2025 that his government would not proceed with the changes, effectively ending the proposal.
- While changes to the capital gains inclusion rate have been deferred to 2026, the increase to the lifetime capital gains exemption will be administered as of June 25, 2024, and the new Canadian Entrepreneurs' Incentive will be in effect in the 2025 tax year.
- Mark Carney has stated that the lifetime capital gains exemption changes would proceed if the federal Liberals won the election. The future of the Canadian Entrepreneurs' Incentive is not yet clear.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

ISSUE: Indigenous tax changes for budget 2025

Three First Nations related tax changes were introduced in Budget 2025:

- Effective for the 2026 taxation year, the Province will exempt First Nations' interest in Province-transferred properties from annual provincial school and rural property taxes. This exemption will apply to eligible properties assessed as having no present use (vacant land) or that are used for cultural or community purposes.
- Effective May 21, 2024, a First Nation that is a band under the federal *Indian Act* is exempt from property transfer tax when transferring legal ownership of a property to the First Nation if the property is already beneficially[1] owned by the First Nation. The exemption only applies to land beneficially owned by the First Nation prior to May 21, 2024.
- Effective for the 2026 taxation year, lands and improvements in rural areas within a treaty designated foreshore areas that are owned or held by the Modern Treaty First Nation, or its public institutions will be exempt from property tax.

[1] Beneficial ownership refers to the concept that the First Nation is the decision-maker and beneficiary of the land, regardless of whether they are the legal entity on title.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

KEY FACTS:

Annual Property Tax Exemption for Properties the Province Transferred to First Nations:

- To qualify for the exemption, a property must pass three legal tests simultaneously.
    - Test 1 on land use: it must be used for cultural or community purposes or assessed as having no present use; and not used for business, commercial, or industrial purposes.
    - Test 2 on transfer channel: it must be transferred by the Province, or it must be provincial Crown lands solely occupied[2] by First Nations for cultural or community purposes.
    - Test 3 on property ownership: it must be fully owned by a First Nation or a group of First Nations, whether owned directly, or indirectly through a corporation, a trust arrangement, or designated society or non-profit.
- This tax measure does not exempt properties where third parties have overlapping commercial interests, such as those related to grazing, woodlot, and pipeline licenses, or other leases.

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[2] Occupied is a legal term in the *Assessment Act* referring to various situations in which the occupier is in possession of the land, including the ability to control and exclude others from possession. This includes ownership, leases, or other arrangements.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

Engagement with First Nations

- This change is a result of collaborative engagement with First Nations and represents an important step forward on the path to reconciliation.
- The Province recognizes that lands transferred by the Province through acts of Reconciliation are not intended to be a financial burden to the First Nation recipients, and imposing taxes on properties that do not operate in the commercial mainstream is inconsistent with reconciliation objectives.
- Finance staff had sent invitations to 198 First Nations and held one introductory session, three smaller scale working group meetings, and six of one-on-one First Nation-specific sessions with interested First Nation communities between November 2023 and June 2024.
- Representatives from 32 *Indian Act* First Nations and two Modern Treaty Nations attended these sessions and shared concerns unique to their communities.
- Between February and March 2025, First Nations representatives were presented with the policy proposal that is part of Budget 2025.

Impact on the Province's Finance

- The forgone revenue estimate is estimated at $1.5M for the 2026 tax year: an estimated 0.03 per cent of forecasted provincial tax revenue for 2026.
- The estimated cost is $10.9M over five years.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

Property Transfer Tax Exemption for First Nation Property Ownership:

- Effective May 21, 2024, a First Nation that is a band under the federal *Indian Act* is exempt from property transfer tax when transferring legal ownership of a property to the First Nation, if the property is already beneficially[3] owned by the First Nation.
- To be eligible for this exemption:
    - before transfer, the property must be beneficially owned by a First Nation or a group of First Nations, whether through a corporation or a trust arrangement prior to May 21, 2024.
    - after transfer, the property must be fully owned by a First Nation or a group of First Nations.
- This exemption addresses property transfer tax consequences arising from the *Land Title Act* and *Property Law Act* amendments introduced in 2024 that eliminated legal barriers to First Nations directly owning property.
- This exemption facilitates a one-way proxy-to-Nation transfer and ensures First Nations are not financially disincentivized to change the registered owner of certain properties from indirect to direct ownership.
- Any subsequent transfers would be liable for property transfer tax unless another exemption applied.

[3] This may occur if the First Nation owns the property through a corporation, trust arrangement, society or non-profit.

Impact on the Province's Finance

- The financial impact for the Province is limited. First Nations may hesitate to transfer the property in the absence of this new exemption.
- First Nations may still choose to continue using proxies to hold their land for financial, legal and administrative considerations.
- Given that broadly these transfers would not have been legally possible until May 2024, they were not included in property transfer tax cost fiscal estimates.

New Modern Treaty First Nations' Property Tax Exemption in Treaty Designated Foreshore Areas:

- Effective for the 2026 taxation year, lands and improvements in rural areas within a treaty designated foreshore area that are owned or held by the Modern Treaty First Nation, or its public institutions will be exempt from property tax.
- The exemption will bring the property tax treatment of Modern Treaty First Nations in line with other local governments that are typically exempt from property taxes in areas where they exercise governance authorities.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

QUESTIONS AND ANSWERS

Annual Property Tax Exemption for Properties the Province Transferred to First Nations

Question: Will this measure create unfairness for property owners who are not First Nations?

Answer: No. Most of the qualifying vacant land held by First Nations was formerly Crown land and was not previously part of the tax base. Properties used for commercial, residential, or for-profit uses will remain taxable. Properties under development for those purposes will become taxable once they are no longer assessed as vacant by B.C. Assessment Authority. The exemption for cultural or community purposes mirrors existing exemptions available for nonprofits and resolves unfairness in the tax system.

Question: Why is the exemption limited to provincial taxes?

Answer: Focusing on provincial taxes will allow for quick implementation in Budget 2025. The Province is legally required to consult with municipalities for changes that can impact their tax revenue. The question of municipal tax relief can be addressed after consultation with municipal governments.

Question: How does this change affect Modern Treaty First Nations or Nisga'a Nation?

Answer: This change only applies to properties that are outside of treaty settlement lands and has no impact on properties within treaty settlement land boundaries. While a Modern Treaty Nation could qualify for this exemption, similar properties are already covered in tax treatment agreements. The Province expects no Modern Treaty First Nation or Nisga'a owned lands to qualify at this time.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

Property Transfer Tax Exemption for First Nation Property Ownership

Question: Who pays the property transfer tax when a proxy transfers a property to a First Nation under the current practice if the amendment is not implemented?

Answer: The transferee First Nation.

Question: Who pays the property transfer tax when the Province transfers a property to a First Nation?

Answer: In the past and under current practice, the Province has generally taken responsibility for paying the property transfer tax for some provincial Crown lands transferred to First Nations under certain Reconciliation-spirited agreements. The obligation of property transfer tax is generally discussed in the agreement.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ISSUE NOTE

New Modern Treaty First Nations' Property Tax Exemption in Treaty Designated Foreshore Areas

Question: Why is the Province exempting Treaty First Nations (and their public institutions) from property tax in treaty designated foreshore areas?

Answer: Some of B.C.'s modern treaties provide for arrangements that delegate governance authorities in a specified area of foreshore that is adjacent to treaty lands. The exemption brings the property tax treatment of Treaty First Nations in line with local governments who are exempt from property taxes in areas where they exercise governance authorities.

Question: Does this have anything to do with the shíshálh/Sechelt – Pender Harbour issues?

Answer: No. The new exemption addresses matter specific to treaty agreements. It is unrelated to the shíshálh/Sechelt – Pender Harbour issues.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

ISSUE: Status of BC Public Sector Bargaining

Provincial Labour Relations and the 2025 Round of Bargaining

ADVICE AND RECOMMENDED RESPONSE:

- Negotiations for the Province's 2025 round of bargaining are underway. It is important to respect the collective bargaining process and leave negotiations to the parties at the table.
- My understanding is that there have been no significant monetary discussions at any tables.
- It would be inappropriate for me to comment at this time about the negotiations currently underway.

KEY FACTS:

- The negotiations for the 2025 round of bargaining have been underway since mid-January.
- There are more than 593,000 people working across the provincial public sector, including the core Public Service, Crown corporations, health, community social services, K-12 public education, post-secondary institutions, and research universities.
- Of those people, approximately 452,000 are unionized employees paid under collective agreements or professionals paid through negotiated compensation agreements.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

- The government and provincial public sector employers spend about $53.2 billion annually on compensation or equivalent to nearly 60% of the Province's budget.
- An increase of 1% in total compensation for all B.C. public sector employees is estimated to cost $532 million – for unions and other negotiated agreements, a 1% increase would cost over $419 million.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Provincial Labour Relations and 2025 Round of Bargaining

Question: What is the status of negotiations for the 2025 round of bargaining?

Answer: There are 182 collective agreements to be negotiated under the 2025 bargaining mandate.

Negotiations began between the BCGEU and the Public Service Agency for the Main Agreement on January 22, 2025 with numerous sessions since that date.

Negotiations between the Health Employers' Association of BC and three tables in the health sector have been underway since February, including Community Health, Facilities and Health Science Professionals.

Negotiations between the BC Public Schools Employers' Association and the BC Teachers' Federation got started in the first week of April.

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PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

Question: How many people are covered by agreements being negotiated in the 2025 round?

Answer: As of April 1, 2025, there are about 452,000 unionized employees or professionals covered by 182 agreements.

Total compensation under these agreements is estimated at $41.9 billion.

Question: What are the key priorities for the 2025 bargaining round?

Answer: It would be inappropriate for me to comment at this time about the negotiations currently underway.

Question: What factors has government included in determining what the mandate for 2025 negotiations will be?

Answer: It would be inappropriate for me to comment at this time about the negotiations currently underway.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

Question: How much has government allocated for the mandate?

Answer: It would be inappropriate for me to comment at this time about the negotiations currently underway.

Question: Why haven't you given direction to B.C.'s public sector employers to initiate hiring freezes and implement expenditure controls in the same way the Public Service has been?

Answer: It's more important than ever for us build a strong fiscal foundation so we can continue delivering the services that people rely on.

We're taking the first steps to chart a long-term path to balance so our government is prepared for what's ahead.

Budget 2025 supports this work by introducing $1.5 billion expenditure management targets over the fiscal plan period.

This will be achieved through administrative and operational efficiencies, including limiting discretionary spending and temporarily pausing hiring in the BC Public Service, with the exception of critical front-line services.

Contact:	Robert Pauliszyn, ADM	**Phone:**	Government Financial Information
Division:	Public Sector Employers' Council Secretariat	**Page:**	5 of 7
File Name:	MO_PSEC_01_Status of BC Public Sector Bargaining		

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PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

While the initial focus on finding savings has been with the Public Service, we expect the provincial public sector will engage in similar strategies by honouring the spirit and intent of this directive to help the government achieve these objectives.

We need to monitor our human resources carefully as we improve our fiscal sustainability and chart a long-term path to balance.

By hitting pause, we're taking the time to take stock and plan for the future.

Every mandate letter also starts with direction for all ministries to review their programs to ensure programs are efficient, effective and sustainable.

This important work will support the Province's multi-year path to balance over time.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

Question: MLAs are not getting increases for 2025. Has government provided direction to public sector employers about performance-based increases for their management and executive for 2025?

Answer: Yes, effective April 24, 2025, public sector employers were advised to refrain from giving executive, management and non-union in-range, performance-based compensation increases **at this time.**

Public sector employers were advised that since the general unionized wage pattern for fiscal year 2025/26 has not yet been established through public sector bargaining and while government is navigating a challenging and unpredictable fiscal and economic environment, performance-based increases should be paused until further notice.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

ISSUE: Growth of the B.C. Public Sector

ADVICE AND RECOMMENDED RESPONSE:

- The Public Sector Employers' Council Secretariat conducts a survey of employers in the fall to create the B.C. Public Sector Compensation Annual Forecast.
- PSEC's forecast is intended to estimate the size, composition and total annual compensation of the major employee groups across the provincial public sector.
- Based on known factors and assumptions as of April 1, employers project their payroll and personnel numbers for the upcoming fiscal year.
- The most recent is for fiscal year April 1, 2025 to March 31, 2026.
- The April 1, 2025 forecast estimates there are more than 593,000 people working throughout the provincial public sector – of which approximately 452,000 (76%) are unionized employees paid under collective agreements or professionals paid through negotiated compensation agreements.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

- Total compensation in B.C.'s public sector is forecast to be $53.2 billion as of April 1, 2025, which is equivalent to nearly 60% of the Province's annual budget.
- An increase of 1% in total compensation for all B.C. public sector employees is estimated to cost $532 million – for unions and other negotiated agreements, a 1% increase would cost over $419 million.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Growth of the B.C. Public Sector

Question: How much has the B.C. public sector grown since 2017 under the NDP government?

Answer: To improve services, we needed to increase the size of the provincial public sector.

When our government took office in 2017, we had to address the deep cuts and neglect from the previous 16 years which resulted in the need to increase the size of the public sector overall.

PSEC provides an annual forecast that is a snapshot in time of the size of the provincial public sector.

Our data shows that from 2017/18 to 2024/25, the B.C. public sector (union and management) increased by 134,000 employees, or about 32%, **excluding** the 36,000 employees added through data improvements.

Since 2017/18, approximately 36,000 more employees were captured by the survey. These are not new positions – just new to being included in the employee count.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

During roughly the same period from 2018 to 2025, Stats Canada shows the province's population grew from approximately 5.0 million to 5.7 million - an increase of 700,000 people or about 14%.

As such, British Columbia's population has seen a significant increase, primarily driven by international migration.

Question: The public sector has become larger and continues to grow – how can this be sustainable for the province's fiscal plan?

Answer: Over the past few years, the B.C. public sector has grown in order to keep pace with the increase in population and corresponding demand for public services.

At the same time, like many jurisdictions, we are experiencing shortages in key occupations such as nurses, doctors and education assistants.

Though the U.S. tariffs have caused immense economic uncertainty, it's my responsibility to balance the costs of providing sustainable public services with other spending commitments that will improve the economic future for everyone.

That's why we've taken a managed-approach to staffing to be extra cautious of additional hiring into the BC Public Service. We've also asked our provincial public sector employers to consider following our lead to be prudent with their hiring practices where it does not affect front-line services.

Question: The number of public sector workers and public sector wages have increased significantly. Why is government still struggling to deliver health care and K-12 education?

Answer: In the last round of negotiations, we responded to the significant inflationary pressures that existed at that time.

This has meant that wages have gone up which has helped our recruitment and retention efforts, but in some sectors, such as health and K-12, we have significant market supply shortages.

We will continue our work to improve health care, education and other core services - without adding fees or hiking costs.

An aging population means we must continue to invest in additional facilities are needed to support the increasing need for health care.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

Budget 2025 provides $4.2 billion over three years to increase capacity in the health-care system, improve patient outcomes and support a growing demand for services.

This includes $443 million to support the primary care strategy and more than $870 million toward the opening and operation of new facilities, including the new St. Paul's Hospital in Vancouver, the Royal Columbian Hospital redevelopment in New Westminster, the Mills Memorial Hospital replacement in Terrace and Royal Inland Hospital enhancements in Kamloops.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

ISSUE: 2023/24 Executive Compensation Disclosure

ADVICE AND RECOMMENDED RESPONSE:

- The Ministry of Finance requires major public sector employers to disclose the total compensation paid to senior managers and executives.
- The information is released with the Public Accounts, and latest available report reflects the compensation decisions made in fiscal 2023/24.
- Public sector executives lead the innovation and delivery of services that support communities in every corner of the province. Our public sector leaders have helped deliver historic investments in health, housing, child care and infrastructure.
- B.C. is a national leader in its reporting standards for executive compensation, which includes base pay, pensions, benefits, merit-based pay or holdbacks, and an explanation of the compensation paid.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

KEY FACTS:

- On August 22, 2024, as per the requirement under the *Public Sector Employers Act* (the Act), government disclosed the 2023/24 executive compensation for 63 major employers, including the Public Service, Crown corporations, post-secondary institutions, research universities and health authorities. The 60 K-12 school districts are disclosed in December 2024 in keeping with that sector's June 30 fiscal year end in that sector.
- Effective October 1, 2018, the past practice of retaining a portion of an executive salary to be paid as an annual lump sum "holdback" was eliminated for BC Public Service executives, and the option to do the same was extended to other public sector employers. For those employers who decided to eliminate their executive holdbacks – where this made sense for the organization – the average of what was paid as the holdback to each executive was folded into base salary.
- Out of 63 employers that disclosed executive compensation in the 2023/24 fiscal year and provided merit-based incentive pay, they were: BC Hydro including Powerex and Powertech, as well as Royal Roads University and InBC.
- InBC, which was established in 2020 as a new Crown, disclosed incentive pay for the Chief Investment Officer for the first time in the fiscal 2023/24 disclosure. The CIO position is the only executive role approved for incentive pay at this time.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

BACKGROUND:

- The Province continues to make improvements to the transparency and disclosure of financial and performance information.
- The reporting requirements are modeled on the Canadian Securities Administrators' requirements of publicly-traded companies.
- B.C. is a national leader in annual reporting of total compensation for executives.
- The disclosure includes base pay, details about pension contributions, benefits, vacation payouts and any holdbacks or bonuses, any and all allowances, and – importantly – it also includes an explanation of the compensation paid to executives so the average person can understand what these employees are paid.
- The disclosure is designed to provide accessible, understandable information to British Columbians on compensation paid by public sector employers.
- Boards must disclose and attest to the accuracy of the total compensation paid to the CEO and the next four highest-ranking/paid executives earning $125,000 or more in base salary. Government has a framework to provide parameters on CEO compensation, and all compensation plans must be approved by the Minister responsible for the *Public Sector Employers Act*.
- PSEC analyzes the data and coordinates the broad disclosure each year that is released at the same time as Public Accounts.

- Executive compensation disclosure under the *Public Sector Employers Act and* the *Financial Information Act* each call for different information, which is summarized below:

Financial Information Act

- All employees, not just executives, earning more than $75,000 in cash compensation.
- Based on T4 slip information - no details on holdback/bonuses, vacation payouts, retirement allowances, extended benefits or pension arrangements, includes local government.

Public Sector Employers Act

- CEO/President and top four executives (decision-makers) earning $125,000 or more in base salary.
- Total compensation - benefits, perquisites, allowances, pension, severances, salary continuance and any other payments, including the very few employers that still have holdback or incentive pay.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: 2023/24 Executive Compensation Disclosure

Question: Which employer was number one in the top 10 for fiscal 2023/24, and how much compensation was paid to that executive?

Answer: For the past several years, Powerex — a subsidiary of BC Hydro — has had the highest total compensation for an employee in the B.C. public sector.

***see table on next page**

In 2023/24, Powerex president and CEO Thomas Bechard earned total compensation of $1.6 million broken down as follows:

Base salary	$395,024
23/24 Incentive Pay	$727,583
Benefits	$21,744
Pension	$31,541
Vacation pay out	$939

All Other Comp: $300,000 & $124,800 in previously deferred incentives earned during fiscal 2019/20 in recognition of outstanding performance in his role	$430, 778
TOTAL	**$1,607,609**

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PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
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Question: Were all public sector employers who are required to disclose executive compensation in compliance with the province's compensation policies and the guidelines for fiscal 2023/24?

Answer: Yes. Signed attestations were received from all board chairs verifying the accuracy of their disclosures.

Question: Which employers still have holdbacks or incentive, or merit pay?

Answer: Effective October 1, 2018, the past practice of retaining a portion of an executive salary to be paid as an annual lump sum "holdback" was eliminated for BC Public Service executives, and the option to do so was extended to other public sector employers.

For those employers who decided to eliminate their executive holdbacks, the average of what was paid as the holdback to each executive was folded into their base salary.

MINISTRY OF FINANCE
PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
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Out of 63 employers that disclosed executive compensation in the 2023/24 fiscal year and provided merit-based incentive pay, they were: BC Hydro including Powerex and Powertech, as well as Royal Roads University and InBC.

It was the first year that InBC Investment Corp. reported performance-based incentive pay for its Chief Investment Officer (CIO), which was a new Crown established in 2020 as part of B.C.'s economic recovery plan. The CIO is the only executive position that is approved for incentive pay at this time.

Question: Were there any notable changes in the fiscal 2023/24 disclosure for the Top 10 executives?

Answer: Overall, for people being disclosed in the Top 10 of fiscal year 2023/24, it showed an increase of 15.6% in base salary earnings compared to fiscal year 2022/23.

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Question: How can you justify such high executive salaries when so many people are struggling with affordability and the cost of living in this province?

Answer: Public sector executives are expected to lead in the innovation and delivery of services that support communities in every corner of the province as they help to deliver historic investments in health, housing, child care and infrastructure.

Managing the compensation paid in the public sector is essential to maintaining the fiscal plan.

Our approach is to look at the big picture and make decisions that ensure our services are sustainable, fair and reasonable recognizing that retaining and recruiting employees at the executive level is currently challenging across the province and Canada generally.

Public sector compensation is based on a set of core principles and shared benchmarking tools to ensure consistency in making compensation decisions, as well as a

pay philosophy that aligns the sector as a whole to minimize competition and pay disparities.

Annual executive compensation disclosure has been around for 17 years and is the most transparent and comprehensive executive compensation disclosure of any jurisdiction in Canada, and possibly North America.

Question: Are there any organizations that provide public services that are out of scope under the *Public Sector Employers Act* to disclose annually?

Answer: Yes. Organizations that do not meet the definition of a public sector employer under the Act includes: BC Investment Management Corporation (BCi), BC Pension Corporation, Translink and the BC Ferry Corporation.

The BC Ferry Corporation ensures that its executive remuneration is made public as required under the *Coastal Ferry Act*, and BCi includes disclosure of this compensation information as part of its Corporate Annual Report.

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PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
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BC Pension Corporation and Translink are required by the *Financial Information Act* to disclose their remuneration annually.

ISSUE: Management & Executive Compensation Policies

Question: MLAs are not getting increases for 2025. Has government provided direction to public sector employers about performance-based increases for their management and executive for 2025?

Answer: Yes, effective April 24, 2025, public sector employers were advised to refrain from giving executive, management and non-union in-range, performance-based compensation increases **at this time.**

Public sector employers were advised that since the general unionized wage pattern for fiscal year 2025/26 has not yet been established through public sector bargaining and while government is navigating a challenging and unpredictable fiscal and economic environment, performance-based increases should be paused until further notice.

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PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
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Question: What increases were approved in the 2023/24 fiscal year for management and executives?

Answer: CEOs/Presidents and some VPs were approved to receive increases of up to 6.75% in 2023/24. Management staff were eligible for an increase of up to 10%. The weighted average increase provided to management and executives in the 2023/24 fiscal year was 3.2%.

Question: How much severance was disclosed as being paid to CEO's in the fiscal year 2023/24?

Answer: The amount of severance for CEOs/Superintendents totalled $1.17M. Most of this was in the form of salary continuance and not in lump sum payments.

The Employment Termination Standards Regulation places limits on the amount of severance payable to CEOs/Superintendents and has measures to ensure that severance is not paid when an individual is re-employed in the public sector.

Eighteen months of severance is the maximum under the Employment Termination Standards Regulation.

Question: How much does management and executive compensation account for in PSEC's 2025 Forecast?

Answer: Management and executive compensation is forecast to account for 9% of the B.C. public sector as of April 1, 2025 in the 2025 Annual Forecast.

Question: Does government set CEO salaries of public sector organizations?

Answer: No, however, it does set a maximum limit for total compensation. Within the framework, boards of directors negotiate compensation plans to support service delivery balanced with the need to allocate resources in the most efficient and effective way – subject to Government's policies.

As the Minister responsible, I approve those arrangements under the provisions of the *Public Sector Employers Act.*

MINISTRY OF FINANCE
PROVINCIAL TREASURY DIVISION
ISSUE NOTE

ISSUE: 2024/2025 Borrowing Program

ADVICE AND RECOMMENDED RESPONSE:

- The updated Q3 gross borrowing requirement for the Province from Budget 2025 is estimated to be $29.2B for fiscal year 2024/2025 and is larger than the Budget 2024 requirement of about $24.2B.
- The Province has relied on the domestic and international public markets for its debt requirements during 2024/2025. International markets have been successfully tapped to diversify borrowing sources, provide more opportunities to secure funding, and realize competitive C$ debt service costs. Each of the foreign bonds were hedged into Canadian dollar liabilities, removing foreign currency risk.

BACKGROUND:

- Approximately $26.8B of long-term debt has been issued in 2024/25 to fund the deficit, capital expenditures and refinancing requirements. Long term debt was funded from the following capital markets:
    - Approximately C$9.7B raised in the domestic market.
        - Seven 10-year benchmark issues for C$4.5B.
        - Ten 30-year benchmark issues for C$5.2B.

Contact: Jim Hopkins, ADM **Phone:** 250 387-9295
Division: Provincial Treasury

File Name: MO_PT_01_2024-2025 Borrowing Program

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- Approximately C$17.1B raised through international markets funding transactions with the foreign denominated proceeds all swapped back to Canadian dollars at the time of issuance.
    - C$11.2B raised through the US Global market funding.
    - C$3.1B raised through the EUR Public market
    - C$74M raised through the Euro Private market
    - C$1.8B raised through Australian Dollar market
    - C$875M raised through British Pound Sterling market.
- Opportunistically borrowing in advance of actual requirements mitigated interest rate risk, as well as helped meet cash requirements before the imposed black out period from the October 2024 Provincial election, expected volatility leading into the Fall US election and cash needs in early 2025/26.
    1. Higher borrowing requirements mainly due to a growing deficit and operational needs.
- Mixing tactical issuance into non-core and shorter funding terms was successfully undertaken as well, in response to indications of compelling investor demand and when prevailing interest rate levels offered advantageous opportunity. These opportunities arose most readily in the international markets and allowed for further beneficial diversification of the investor base and supported greater access to more and larger funding opportunities than the typical 10-year and 30-year maturities that the domestic market can offer.
- With the expertise of staff, and the ongoing professional engagement that the DMB Capital Markets team has established

with market participants, the Province has been successful in its efforts to explore cost-effective funding opportunities.

MINISTRY OF FINANCE
PROVINCIAL TREASURY DIVISION
ISSUE NOTE

ISSUE: 2025/2026 Borrowing Plan

ADVICE AND RECOMMENDED RESPONSE:

- The forecasted gross borrowing requirement for the Province is estimated to be $31.070B for fiscal year 2025/2026.
- The Province will largely rely on the domestic public market for its debt requirements during 2025/2026. International markets will be closely monitored for greater opportunities to source funding, to diversify borrowing sources and realize debt service cost savings for taxpayers. US and European opportunities will be monitored, as well as Australian dollar and smaller regional markets.
- The Province will meet its large borrowing requirement by accessing its well-established domestic and international investor bases.

KEY FACTS:

- Prior to each fiscal year, the Debt Management Branch (DMB) outlines a strategy for meeting the projected financing requirements of the Province and its clients. The strategy, once recommended by the Province's Risk Committee, is approved by the

Deputy Minister of Finance and monitored quarterly by the Committee. (The Risk Committee is comprised of external members with financial market expertise and advises the Province on risk policy and management).

BACKGROUND:

- The forecast borrowing requirement in 2025/2026 of $31.070B is above the 2024/2025 updated forecast borrowing requirement of $29.158B.
- Challenging market conditions continue for current and upcoming fiscal years as markets face inflation, interest rate volatility, geopolitical tensions, trade tariff conflicts and related economic uncertainties. Advice/Recommendations; Government Financial Information

Advice/Recommendations; Government Financial Information

Advice/Recommendations; Government Financial Information

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- With the expertise of staff, and the ongoing professional engagement that the DMB Capital Markets team has established with market participants, the Province will continue to explore all funding opportunities to secure required funding cost effectively.

MINISTRY OF FINANCE
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Advice/Recommendations; Government Financial Information

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- For reference, Appendix A provides Advice/Recommendations; Government Financial Information
Advice/Recommendations;
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- Foreign currency markets offer effective diversification of the Province's borrowing sources and a competitive alternative to the domestic market; the Province only borrows in offshore currencies if it can hedge the financing at a competitive cost to its domestic alternative.
- The US dollar global and Euro markets present opportunities to also borrow in far greater amounts (upwards of $2B or more at a time versus a typical $600M- $750M domestic bond).

- The Australian dollar market, and other regional markets, may also presents opportunities in amounts that can exceed typical domestic issuance proceeds.

MINISTRY OF FINANCE
PROVINCIAL TREASURY DIVISION
ISSUE NOTE

Advice/Recommendations; Government Financial Information

Contact: Jim Hopkins, ADM
Division: Provincial Treasury
File Name: MO_PT_02_2025-2026 Borrowing Plan

Phone: 250 387-9295

MINISTRY OF FINANCE
PROVINCIAL TREASURY DIVISION
ISSUE NOTE

ISSUE: Budget 2025 Provincial Debt Questions and Answers

SUMMARY:

- Budget 2025 forecasts total provincial debt to grow by $75.8B over the three-year fiscal plan period.
- This growth in debt is required to fund operating deficits and capital investments over the plan period.
- The growth in debt has implications on key debt affordability metrics that can impact the Province's credit ratings and debt servicing costs.

Contact: Jim Hopkins, ADM **Phone:** 250 387-9295
Division: Provincial Treasury

MINISTRY OF FINANCE
PROVINCIAL TREASURY DIVISION
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Budget 2025 Provincial Debt Questions and Answers

Question: Budget 2025 forecasts total provincial debt to grow by $75.8B over the fiscal plan period. What is driving this increase in total provincial debt?

Answer:

- Government requires increased borrowing to finance the operating and capital investment needs of the province.
- The taxpayer-supported debt is forecast at $166.5B by 2027/28, an increase of $68.8B from 2024/25.
- Self-supported debt is forecast at $42.4B over the same period, an increase of $7.0B from 2024/25.
- Similar to *Budget* 2024, *Budget 2025* has no forecast allowance in the fiscal plan period.
- Government's operating debt will grow to $50.1B by the end of 2027/28. This debt is needed to finance the deficits resulting from important spending programs offered in support of British Columbians.

- A significant majority (63 per cent) of the debt growth over the fiscal plan period is in relation to government's capital investments, with $40.7B forecast to fund taxpayer-supported infrastructure (much of this in the transportation sector), and $7.0B for self-supported investments, mainly in relation to improving and expanding BC Hydro's power generation assets.

Question: How does Budget 2025's debt forecast impact the province's key debt affordability metrics?

Answer:

- Key debt affordability metrics are impacted by the higher debt forecast over the fiscal plan period.

Taxpayer-supported Debt to Revenue

- Taxpayer-supported (TS) debt-to-revenue grows from 122.8% forecast for 2024/25 to 195.7% by end of the fiscal plan period. This metric shows that the province's debt burden rises during the plan period.
- The forecast shows a decline for all the fiscal years compared to *Budget 2024* due to the higher forecast debt balances:

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T-S DEBT AS A PERCENT OF T-S REVENUE					
	2023/24	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Budget 2025	97.9	122.8	146.6	173.4	195.7
Budget 2024	95.1	111.8	136.2	151.2	n/a
Detriment	2.8	11.0	10.4	22.2	n/a

Taxpayer-supported Debt to GDP

- Taxpayer-supported debt to GDP ratio follows a similar trend, showing the debt burden rising during the plan, the ratios decline for all the fiscal years compared to *Budget* 2024 due to the higher forecast debt balances:

T-S DEBT AS A PERCENT OF GDP					
	2023/24	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Budget 2025	18.4	22.9	26.7	30.9	34.4
Budget 2024	17.6	21.0	24.8	27.5	n/a
Detriment	0.8	1.9	1.9	3.4	n/a

- We still expect B.C.'s debt burden to be among one of the lowest provinces.

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Taxpayer-supported interest bite

- Taxpayer-supported interest bite increases over the *Budget 2025* fiscal plan period and is higher than the *Budget 2024* forecast due to increased TS debt held by government to finance deficits and increased capital funding. The ratio shows that debt is expected to be less affordable over the fiscal plan period:

T-S Interest bite – debt service cost per dollar of revenue					
	2023/24	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Budget 2025	3.2	4.3	4.9	5.8	6.9
Budget 2024	3.2	3.8	4.6	5.4	n/a
Detriment	-	0.5	0.3	0.4	n/a

- We still expect the province's debt to be one of the most affordable among provinces.

Question: What does Budget 2025's higher debt forecast mean for Province's total debt service costs compared to Budget 2024?

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PROVINCIAL TREASURY DIVISION
ISSUE NOTE

Answer:

- *Budget 2025* total debt servicing costs are growing over the fiscal plan period because of growing debt levels:

Debt Servicing Costs (net of sinking fund recoveries)[1]
($ millions)

	Budget 2024 **2024/25**	**Updated Forecast 2024/25**	**Budget Estimate 2025/26**	**Plan 2026/27**	**Plan 2027/28**
Total Debt Servicing Costs	4,105	4,373	5,060	5,949	7,154

[1] Debt service costs exclude interest during construction

Interest Expense[2]
($ millions)

	Budget 2024 **2024/25**	**Updated Forecast 2024/25**	**Budget Estimate 2025/26**	**Plan 2026/27**	**Plan 2027/28**
Total Interest Expense	4,264	4,857	5,248	6,177	7,376
Taxpayer-Supported Interest Expense	3,000	3,382	3,954	4,798	5,900

[2] Interest expense includes interest during construction.

- Government's operating debt will grow to $50.1B by the end of 2027/28, which increases interest expense. This debt is

needed to finance the deficits resulting from important spending programs offered in support of British Columbians.

- A significant majority (63 per cent) of the debt growth over the fiscal plan period is in relation to government's capital investments, with $40.7B forecast to fund taxpayer-supported infrastructure (much of this in the transportation sector), and $7.0B for self-supported investments, mainly in relation to improving and expanding BC Hydro's power generation assets
- The costs of borrowing for the government have grown from *Budget 2024*:

Change in Debt Servicing Costs from Budget 2024 ($ millions)

	2024/25	2025/26	2026/27	2027/28
Budget 2024	1,976	2,471	3,021	3,440
Budget 2025	2,346	2,762	3,351	4,148
Change	**370**	**291**	**330**	**708**

- Increased borrowing costs over the fiscal plan period are driven by three main factors compared to *Budget 2024*:

1. Higher borrowing requirements mainly due to a growing deficit and operational needs
2. In-year borrowing activity outpaced the forecasted borrowing track to meet cash requirements before the imposed black out period from the 2024 Provincial Election
3. Pre-borrowing activities in anticipation of cash requirements in early 2025/26.

Question: How sensitive are debt servicing costs to changes in interest rates?

Answer:

- A one per cent change in interest rates would have an estimated full year impact on taxpayer-supported debt interest costs of $220M.
- This increase consists of $135M pertaining to debt held directly by the province, and $85M pertaining to debt held by taxpayer-supported crowns and agencies.

MINISTRY OF FINANCE
PROVINCIAL TREASURY DIVISION
ISSUE NOTE

Question: How sensitive are debt affordability metrics to various factors?

Answer:

- The debt affordability metrics can be highly sensitive to changes in debt, revenue, and GDP.
- An increase of $100M to taxpayer-supported debt would result in:
    - + 0.12 increase to T-S Debt-to-Revenue ratio, and
    - + 0.02 increase to T-S Debt-to-GDP ratio
- Additional amount of debt required to change the ratios by 0.1%:
    - $111M for T-S Debt-to-Revenue, and
    - $427M for T-S Debt-to-GDP

MINISTRY OF FINANCE
PROVINCIAL TREASURY DIVISION
ISSUE NOTE

Question: Does the province have any unhedged foreign exchange exposure? How will an increase in the Canadian dollar affect this exposure?

Answer:

- The Province currently has a total of CAD $37B of long-term foreign debt issues in U.S. dollars, Euros, Swiss Francs, and Australian dollars.
- Virtually all of the foreign denominated debt is hedged through derivatives contracts which have converted the foreign liabilities into Canadian dollar obligations.
- Of the CAD $37B of the total outstanding long-term foreign debt, only USD $227M (CAD $310M equivalent) is unhedged (held by BC Hydro), which exposes the Province to foreign currency risk. This is mitigated by BC Hydro's U.S. dollar export sales.

MINISTRY OF FINANCE
PROVINCIAL TREASURY
ISSUE NOTE

ISSUE: Credit Rating Status and Debt Servicing Cost Impact

ADVICE AND RECOMMENDED RESPONSE:

- While no province is currently rated triple-A, British Columbia has attained the second-highest credit rating assignable by Moody's (Aa1 or AA + equivalent) – tied with Saskatchewan and New Brunswick, and the only province to attain the second-highest ratings assignable by Morningstar DBRS (AA (high)) and Fitch (AA+).
- These favourable credit ratings are valued by investors and contribute towards lower debt service costs which enable the province to invest more in programs and services on which British Columbians rely.
- While the Province was downgraded by a notch by Moody's and Standard & Poor's, the Province continues to have competitive access to the capital markets to finance essential services and capital projects.

KEY FACTS:

Credit Rating Status

- British Columbia has a credit rating from each of the following four agencies:
    - Moody's: Aa1 with a negative outlook – April 2025

  - S&P: A+ with a negative outlook – April 2025
  - DBRS: AA (high) with a negative outlook – April 2025
  - Fitch: AA+ with a negative outlook – May 2025
- A high credit rating enables the province to borrow in the capital markets at a lower cost when compared to similar governments with a lower credit rating. During periods of turbulence in the capital markets, investors will often seek higher rated, less risky investments (flight to quality).
- Currently, BC is one of only three provinces to attain the second-highest credit rating, Aa1, with Moody's (Saskatchewan and New Brunswick). No provinces are currently rated AAA. Maintaining disciplined fiscal management, strong governance, and a relatively low debt burden as measured by debt-to-GDP and debt-to-revenue, and affordable debt as measured by the interest bite ratio are key to BC achieving a strong credit rating; interest bite ratio refers to taxpayer-supported debt service costs as a percentage of taxpayer-supported revenue.
- Advice/Recommendations; Government Financial Information

- The rating agencies will specify an outlook which is either 'positive', 'stable' or 'negative'. Advice/Recommendations; Government Financial Information

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Moody's:

- On April 2, 2025, Moody's published a "Rating Action" commentary on the Province, downgrading the Province to Aa1 (from Aaa) while maintaining a negative outlook. An excerpt of their opinion includes, "The downgrade reflects a structural deterioration in British Columbia's credit profile, with larger deficits and higher levels of debt than we previously projected driven by significant increases in both operating and capital spending. In our view, these developments also reflect a weakening in governance and risk controls, albeit from very strong levels."

S&P:

- On April 2, 2025, S&P published a "Research Update" in which they downgraded the Province to A+ (from AA-) while maintaining the negative outlook. An excerpt of their opinion includes, "The Province of British Columbia continues to sustain a fiscal mismatch in its operations and spend record levels for capital, leading to considerable operating and after-capital deficits and relatively rapid debt accumulation through to fiscal 2028."

DBRS:

- On April 8, 2025, DBRS published a news release and said “negative trends reflect our view that B.C.'s approach to fiscal management has been gradually deteriorating in recent years, as the government tolerates ever increasing budget deficits and rising debt.” However, DBRS also cited B.C.’s “strong balance sheet, past track record of outperformance, and diverse economy continue to lend support to its credit profile.”

Debt Servicing Cost Impact

- Other factors that may influence the province’s debt costs include market volatility and liquidity, and, importantly, market analysis and expectation of future changes to our credit standing based on economic and fiscal trends.
- For these reasons, the cost impact of a change in credit rating is not formulaic and it can be difficult to attribute pricing changes solely to credit rating actions (up or down).
- Despite the recent credit ratings downgrades by S&P (from AA- to A+) and Moody’s (from Aaa to Aa1) and the continuation of negative rating outlooks from each of the four agencies, the Province’s borrowing costs relative to other provinces are virtually unchanged from the levels that existed prior to the rating actions. Indeed , BC’s relative borrowing cost are half a basis point lower which may be explained by a constructive market view that gives benefit of doubt

that the province will succeed with its plan for fiscal management.

- Government's domestic debt issue costs are generally competitive compared to its peers, yet it borrows at costs which are higher than materially lesser-rated provinces, e.g. about 2.5 basis points more than Ontario, and 1 basis points more than Quebec. Advice/Recommendations; Government Financial

Advice/Recommendations; Government Financial Information

BACKGROUND:

- A credit rating is an indicator of a borrower's ability to pay interest and to repay principal. A credit rating affects the borrower's debt servicing costs and the investor's rate of return since an investor will demand a higher interest rate on a more risky, lower-rated security.
- The provincial credit rating is determined by independent credit rating agencies.

Taxpayer-supported debt:

- Taxpayer-supported debt is an indicator often used by investors and credit rating agencies when analysing a province's investment quality. The ratio of a province's taxpayer-supported debt relative to its gross domestic product highlights the ability of a province to

manage its debt load. British Columbia's taxpayer-supported debt burden is one of the lowest in Canada and contributes towards its favourable credit rating and lower debt service costs.

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PROVINCIAL TREASURY
ISSUE NOTE

Interest costs:

- BCs favourable credit ratings save the province from paying higher annual debt service costs. Higher credit ratings are considered to represent a lower risk of default which results in BC being able to borrow at one of the lowest interest costs among the provinces.

MINISTRY OF FINANCE
PROVINCIAL TREASURY
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Credit Rating Status and Debt Servicing Cost Impact

Question: You refer to the province's "taxpayer-supported debt" being among the lowest in the country. How do you define "taxpayer-supported" debt and what is the significance of this measure of debt versus total debt? Do the credit rating agencies view debt in the same way?

Answer: Credit rating agencies and other analysts of government finances make a distinction between debt that is taxpayer-supported and debt that is incurred by provincial Crown corporations and agencies that are self-supporting. Taxpayer-supported debt includes direct debt incurred for government operations and capital financing purposes, and debt of government agencies that require an operating or debt service subsidy from the provincial government. In contrast, self-supporting Crown corporations and agencies such as BC Hydro generate sufficient revenues to at least cover operating costs and repay principal. They may also pay

dividends to the provincial government. As the term implies, taxpayer-supported debt is a direct burden on taxpayers.

Each credit rating agency has a slightly different definition of taxpayer-supported debt. Some agencies include debt of municipalities (neither Moody's Investors Service nor the province do so).

Question: How does the province's rating rank among the other provinces?

Answer: While no province is currently rated triple A, British Columbia has attained the second-highest credit rating assignable by Moody's – tied with Saskatchewan and New Brunswick. The province is rated Aa1 (with a negative outlook) with Moody's, AA+ (with a negative outlook) with Fitch, AA (high) (with a negative outlook) with Morningstar DBRS, and A+ (with a negative outlook) with Standard & Poor's. Among the provinces, Moody's calculates the province's taxpayer-supported debt per capita and the taxpayer-supported debt to GDP ratio as one of the lowest in the country.

MINISTRY OF FINANCE
PROVINCIAL TREASURY
ISSUE NOTE

Question: Are you concerned that the province's credit rating may be downgraded further given that B.C. remains on negative outlook with each of four rating agencies?

Answer:

- Credit rating agencies evaluate the creditworthiness of issuers through economic cycles that can last over a year. They consider multiple factors in determining a credit assessment and ultimately make decisions on credit ratings completely independently.
- We are pleased that BC maintains high investment grade credit ratings of AA plus equivalent with Moody's, Morningstar DBRS ("DBRS") and Fitch, respectively.
- The Province does have a 'negative' outlook from each of the agencies Advice/Recommendations; Government Financial Information

Advice/Recommendations; Government Financial Information

Contact: Jim Hopkins, ADM **Phone:** 250-387-9295
Division: Provincial Treasury **Page:** 10 of 11
File Name: 04_MO_PT_Credit_Rating_Status_and_Debt_Servicing_Cost_Impacts updated May 5 2025.docx

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PROVINCIAL TREASURY
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Background:

- The latest credit rating downgrade from Standard and Poor's in April 2025 was primarily due to the size and persistence of material after-capital deficits that differentiated BC from its peers, as well as a fiscal mismatch in operations and spending levels for capital, and rapid debt accumulation through the fiscal plan. Moreover, the latest credit rating downgrade from Moody's in April 2025 was primarily due to larger deficits and higher levels of debt than Moody's previously projected, all driven by significant increases in operating and capital spending.

MINISTRY OF FINANCE
REVENUE DIVISION
ISSUE NOTE

ISSUE: First Nations Equity Financing Framework and Special Account

ADVICE AND RECOMMENDED RESPONSE:

- A healthy, sustainable economy requires that First Nations across B.C. have opportunities for meaningful involvement and ownership in economic projects.
- That's one of the reasons Budget 2024 announced our intention to develop the First Nations Equity Financing Program.
- The main focus of the program is to support First Nations equity participation in new or expansion projects in their territories in the energy, natural resource and other related sectors that bring economic growth, jobs, new revenues and other benefits to both First Nations and British Columbia.
- We've worked with First Nations organizations, industry and the federal government regarding it's recently announced National Indigenous Loan Guarantee program, and we are close to finalizing the B.C. program.
- We expect to have more to say soon.

Contact:	Jordan Goss	**Phone:**	250 387-0665
Division:	Revenue Division	**Page:**	1 of 3
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- In the meantime, work is already underway to assess eligibility of some potential large projects in the energy sector.

KEY FACTS:

- The Province committed to implement a First Nations Equity Financing Framework (Framework) in Budget 2024.
- The Framework will support First Nations that wish to acquire an equity stake in new project investments through commercial borrowing backstopped by the Province.
- The Framework will consider investment opportunities in projects of different sizes from a range of sectors.
- The Framework announcement referred to “equity financing tools” with a focus on loan guarantees. It also includes limited capacity funding for applicants that reach the commercial due diligence stage and require financial help to obtain the expert advice they need.
- Investment opportunities will need to pass a commercial-grade due diligence review, comparable to a financial institution, to be considered for a provincial loan guarantee.
- Finance staff have had ongoing discussions with the First Nations Leadership Council, Alliance of Modern Treaty Nations and First Nations Major Project Coalition on policy and design components.

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REVENUE DIVISION
ISSUE NOTE

- Finance staff are also actively engaged with the federal government on how best to coordinate federal and provincial equity financing programs.
- The Ministry of Finance is currently completing policy development and program design work in partnership with ministries.
- The Ministry of Finance will also administer the program and expects to launch the program in the 2025/26 fiscal year.

Contact:	Jordan Goss	**Phone:**	250 387-0665
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TREASURY BOARD STAFF
ISSUE NOTE

ISSUE: 2024/25 Third Quarter Report and Spending Changes

ADVICE AND RECOMMENDED RESPONSE:

- The Third Quarter report forecasts a deficit of $9.1B, an improvement of $273M since the *Fall 2024 Economic & Fiscal Update*.
- The lower deficit is mainly due to higher corporate income tax revenue and commercial crown corporations' net income; offset by higher statutory spending for climate-related events and shelter-related costs for long-term care.
- Increased revenue of $1.4B is comprised of:
    - Higher corporate income tax revenue due to increased settlement payments related to prior years (almost $1.1B);
    - Higher commercial Crown corporation net income from improved investment earnings at ICBC ($1.2B), partly offset by decrease at BC Hydro due to various operating cost pressures ($140M);

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File Name: MO_TBS_01_2024-25 Third Quarter Report and Spending Changes

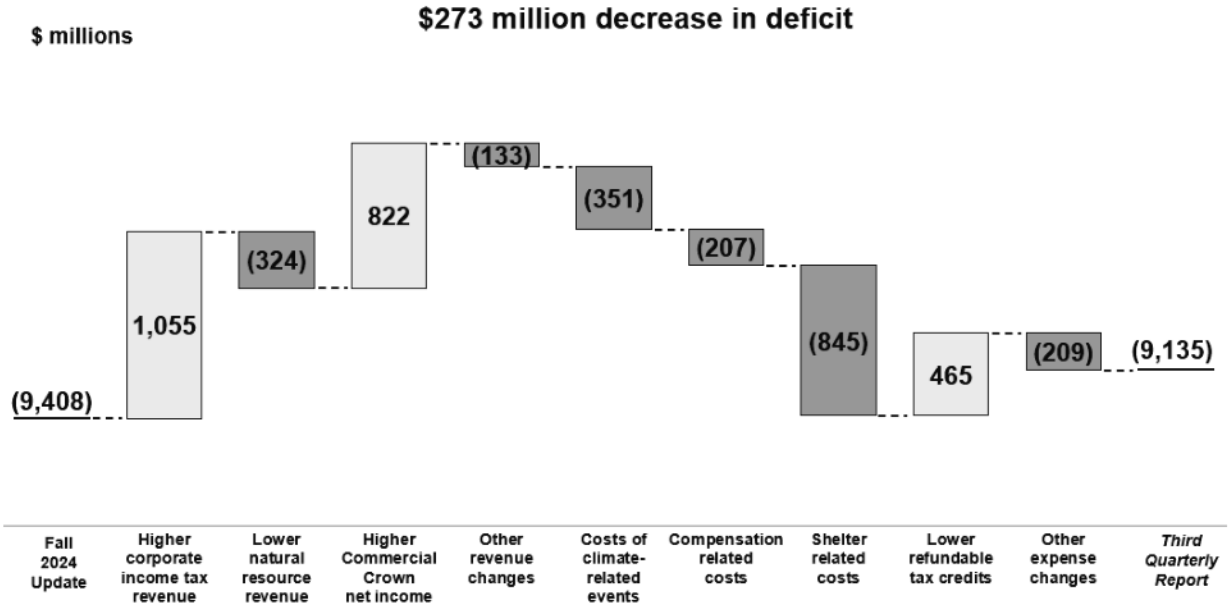
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  - These increases are partly offset by lower natural resource revenue mainly due to lower electricity, coal and metal prices ($324M), and
  - Decreases in various other revenue sources such as personal income tax, federal government contributions and fees, investment earnings and other miscellaneous revenue ($236M).
- Increased expenses of $1.15B is due to
  - Higher shelter-related costs funded through the *Housing Priority Initiatives Special* Account ($845M);
  - Increase in statutory spending for wildfires and flooding events in the prior years ($351M);
  - Increase in compensation costs for RCMP and the health sector funded through the *Financial Administration Act* ($207M);
  - Increase in bad debt expenses from tobacco, sales and property tax revenues ($122M);
  - Net increase in various other spending ($86M);
- Higher expenses are partially offset by a decrease in refundable tax credits mainly to reflect the 2023 tax assessment results ($465M).

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KEY FACTS:

- High level changes are shown in chart below from page 107 of the *Budget and Fiscal Plan*.



- Table 4.2 on page 118 of the *Budget and Fiscal Plan* lists the changes in revenue and expense for the 2024/25 fiscal year since *Budget 2024.*
- *Budget 2024* originally forecasted a deficit of $7.9B and has now increased to $9.1B, mainly due to higher statutory spending in several areas partly offset by higher net income from ICBC. Major changes are further discussed below.
- The major changes in revenue throughout the year includes:

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ISSUE NOTE

- $1.2B improvement in investment earnings at ICBC ($1.4B) partly offset various operating cost pressures at BC Hydro ($140M);
- $918M increase in fees, licences, investment earnings and other miscellaneous revenue, which includes $450M in interest income on higher cash balances;
- $389M improvement in personal income tax mainly reflecting improved household income;
- $327M higher employer health tax due to higher prior year taxes and improved wages and salaries growth; offset by
- $398M net decrease in other various taxation revenue, including lower provincial sales tax ($350M);
- $816M decrease in revenue from the natural resource sector, including $178M for natural gas royalties, $218M in mining, $189M for electricity under Columbia River Treaty and $188M in forestry.
- $326M lower federal government transfers for disaster recovery relief partly offset by additional funding for health initiatives. The total transfers for disaster recovery relief is not reduced but rather re-profiled to future years to align with the timing of the spending.

- The major changes in expense for the year includes:
  - $896M for climate-related costs including $545M in wildfire costs for the 2024 wildfire season and $351M for wildfires and flooding events in prior years;
  - $845M for shelter-related costs funded, such as long-term care, funded through the *Housing Priority Initiatives Special Account*;
  - $207M for additional compensation costs for RCMP and the health sector, funded through the *Financial Administration Act*
  - $347M higher for interest costs to reflect increased debt levels
  - $411M increase in net spending by service delivery agencies mainly reflecting higher spending by the health authorities
  - $286M increase in various areas including bad debt expense ($122M) and statutory spending for agriculture claims ($99M); offset by
  - $423M in lower refundable tax credits to reflect 2023 tax assessment results.

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ISSUE NOTE

ISSUE: Current State of the B.C. Economy

- Data as of April 15, 2025

ADVICE AND RECOMMENDED RESPONSE:

- Following 2.4 per cent growth in 2023, B.C.'s economy grew by an estimated 1.2 per cent in 2024 amid high interest rates, persistent price pressures and ongoing global economic uncertainty.
- In 2024, B.C.'s labour market softened and consumer spending and exports remained weak.
- Inflation continued to ease in 2024 but the shelter component of CPI remained elevated. Meanwhile, B.C.'s housing market activity was mixed, reflecting elevated interest rates and affordability challenges.
- The Ministry expects modest economic growth over the forecast horizon amid significant trade uncertainty and lower population growth due to changes to federal government immigration policies.
- Economic growth is expected to improve over the medium-term as B.C.'s economy adjusts to these factors,

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File Name: MO_TBS_02_Current State of the Economy

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supported by steady employment and wage growth, gains in consumer spending and higher exports.

- *Budget 2025* forecasts B.C. real GDP to grow by 1.8 per cent in 2025 and 1.9 per cent in 2026. B.C.'s economy is forecast to improve over the medium-term with real GDP growth expected to average 2.1 per cent annually from 2027 to 2029. This projection does not include the impact of U.S. tariffs and Canada's response but does account for some increased risk and uncertainty.
- B.C. and many of its top trading partners face heightened uncertainty around restrictive global trade policies, particularly from U.S. tariffs.
- However, B.C. benefits from a diverse economy, which helps B.C. withstand these economic challenges better than most provinces.

Private Sector Forecast Updates

- Since the timing of the economic forecast for *Budget 2025*, private sector forecasts for B.C. real GDP growth have come down to 1.5 per cent (from 1.8 per cent) for 2025 and to 1.5 per cent (from 1.9 per cent) for 2026. This is according to

an average of six private sector forecasters (a subset of the Economic Forecast Council) as of April 11, 2025.
    - A lower private sector average, compared to the Economic Forecast Council's survey results in early February 2025, reflects expectations that the evolving U.S. trade tariffs will further dampen domestic and global demand, as well as a smaller sample size compared to the 13-member Economic Forecast Council.
    - These private sector forecasters rank B.C. fifth among provinces for real GDP growth in 2025 and 3rd among provinces in 2026.
- The Ministry's *Budget 2025* forecast for B.C. real GDP growth in 2025 is slightly higher than the range of the recent private sector forecast and within the range of the private sector forecast for B.C. real GDP growth in 2026.
- The Ministry continues to monitor economic developments and will provide an updated economic forecast in the *First Quarterly Report*.

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KEY FACTS:

- **Employment** grew by 2.3 per cent in 2024 (or 66,100 net new jobs) reflecting about 55,200 new full-time jobs and 11,000 part-time jobs compared to 2023.
    - Annual job growth occurred in the private sector (+35,800 jobs), public sector (+24,900 jobs) and self-employed (+5,300 jobs).
    - On an industry basis, employment gains were concentrated in the services sector (+59,500 jobs), led by health care and social assistance (+27,000 jobs). Employment in the goods sector increased by 6,600 net new jobs, primarily reflecting job gains in construction (+9,300 jobs).
    - Year-to-date to March 2025, employment rose by 1.1 per cent compared to the same period of 2024.
- B.C.'s **unemployment rate** averaged 5.6 per cent in 2024, up by 0.4 percentage points compared to 2023, as labour force growth (+2.7 per cent) outpaced job gains (+2.3 per cent).
    - As of March 2025, B.C.'s unemployment rate was 6.1 per cent, up from 5.5 per cent in March 2024, but below the national average.
- **Consumer price inflation** in B.C. continued to moderate in 2024 as the price growth of goods eased while inflation for services remained elevated. Overall, headline inflation averaged 2.6 per cent in 2024 down from 3.9 per cent in 2023.

  - In March 2025, inflation in B.C. was 2.6 per cent down from 3.0 per cent inflation in February 2025. Despite remaining above core inflation, shelter inflation reached its lowest level (+3.7 per cent) since April 2021.
- **Retail Sales** rose by just 0.2 per cent in 2024 following a decline of 0.1 per cent in 2023 as elevated interest rates and high prices continued to weigh on consumer spending. Inflationary pressures indicated weaker sales volumes in 2024 as consumer prices rose by 2.6 per cent on average compared to 2023.
  - Annual nominal retail sales growth was led by higher sales at health and personal care retailers (+7.3 per cent), while the largest declines were reported by gasoline stations (-8.4 per cent).
  - In January 2025, B.C. retail sales were 5.9 per cent higher than the same period of 2024.
- **Consumer Spending on Services** continued to improve in 2024, based on limited available data. Sales at B.C. food services and drinking places (a component of the service sector) rose by 4.0 per cent in 2024 compared to 2023, partly due to higher prices. As of January 2025, consumer spending at B.C. food services and drinking places increased by 7.6 per cent compared to January 2024. Meanwhile, the number of international tourists entering B.C. rose by 8.2 per cent in 2024 compared to 2023 and has nearly returned to pre pandemic levels. As of January 2025, the number of international

tourists visiting B.C. was 20.4 per cent higher than the same period of 2024.

- **Confidence among B.C. consumers** remained weak in 2024 dampened by still elevated interest rates, higher unemployment and rising economic uncertainty. Meanwhile, **small business confidence** was muted in 2024 with most small businesses noting insufficient demand and skilled labour shortages as the primary barrier to business growth.
    - Confidence remains fragile so far in 2025, as both households and businesses face ongoing uncertainty around the impact of U.S. tariffs. In March, the Conference Board of Canada's consumer confidence index for B.C. fell to its second lowest reading in history (dating back to 2002), while the Canadian Federation of Independent Business small business confidence index fell to its lowest level ever (dating back to 2000).
- **Home sales** remained subdued, rising by just 2.1 per cent in 2024 compared to 2023 following two years of annual declines.
    - Year-to-date to March 2025, B.C. home sales decreased by 5.1 per cent compared to the same period of 2024 as homebuyers remained cautious amid broader economic uncertainty around U.S. trade tariffs.
- In 2024, the MLS average **home sale price** rose by just 1.1 per cent compared to 2023. As of March 2025, the average home sale price was $935,600, down 2.7 per cent on a year-to-date basis.

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- **Housing Starts** decreased by 9.2 per cent in 2024 from the record high observed in 2023. So far in 2025, homebuilding activity has been volatile amid broader economic uncertainty around U.S. tariffs.
    - Year-to-date to March 2025, B.C. housing starts decreased by 27.6 per cent compared to the same period of 2024, and are below the ten-year historical average.
- **Merchandise Exports values** decreased by 2.7 per cent in 2024 compared to 2023 reflecting subdued global demand and lower energy prices.
    - Annual declines were led by lower exports of natural gas (-48.1 per cent) and coal (-16.5 per cent) compared to 2023.
    - However, export volumes were up for some commodities, such as copper, pulp and natural gas.
    - In 2024, the value of goods exports to the U.S. decreased by 5.1 per cent compared to 2023, while non-U.S. exports edged up 0.1 per cent.
    - Year-to-date to February 2025, B.C. merchandise exports were 7.8 per cent higher than the same period of 2024 reflecting a temporary boost from companies trying to stockpile inventories in advance of potential tariffs.

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TREASURY BOARD STAFF
ISSUE NOTE

ISSUE: Budget 2025 Economic and Fiscal Forecast (and Prudence in the Fiscal Plan)

ADVICE AND RECOMMENDED RESPONSE:

- Budget 2025 projects real GDP growth of 1.8% in 2025 and 1.9% in 2026 which is in line with the average forecast from the Economic Forecast Council.
- It includes $9.9 billion more over three years in operating funds for ministries to shore up the services people rely on, like health care, education and social services.
- Operating deficits decline over three years from $10.9 billion in 2025-26 to $9.9 billion in 2027-28.
- This budget is presented at a time of significant uncertainty with news regarding tariffs changing daily.
- There is $4 billion in Contingencies each year of the fiscal plan to help manage pressures for critical services, plan for costs of a new collective-bargaining mandate and for emerging costs, such as responding to potential tariff impacts.

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KEY FACTS:

Economic Forecast

- The Ministry of Finance's projections for B.C. real and nominal GDP growth in the near-term have moderated since the Fall 2024 Update, as lower immigration levels and growing uncertainty surrounding restrictive global trade policies, particularly from the threat of U.S. tariffs, present significant downside risks.
- Given the evolving and fluid situation, implementation of U.S. tariffs and Canada's response are not incorporated into the Budget 2025 economic outlook.
- Instead, increased risk and uncertainty from restrictive global trade policies are reflected in lower growth assumptions for many of B.C.'s trading partners, compared with private sector projections.
- The Ministry's forecast for B.C. real GDP growth in 2025 has been revised down to 1.8 per cent from 1.9 per cent in the Fall 2024 Update. The downward revision reflects slower household consumption, lower home construction and exports, as well as a somewhat weaker labour market.
- In 2026, the Ministry forecasts B.C.'s real GDP growth to remain steady at 1.9 per cent. The Ministry's 2025 and 2026 projection is in line with the Economic Forecast Council.
- Over the medium-term, economic performance is forecast to improve with real GDP growth expected to average 2.1 per cent annually from 2027 to 2029.

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Fiscal Forecast

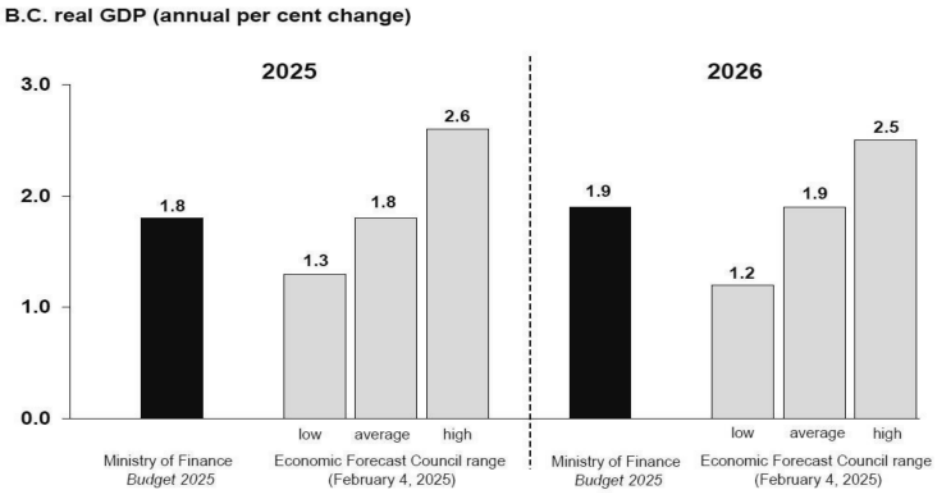
- Budget 2025 projects the following declining deficits over the three-year fiscal plan period:
  - $10.9 billion for 2025-26
  - $10.2 billion for 2026-27
  - $9.9 billion for 2027-28
- Total government revenue is forecast at $84 billion in 2025-26, $85.7 billion in 2026-27 and $88.2 billion 2027-28.
  - Revenue growth is mainly driven by increases in tax revenues due to recent growth in population and economic activity, as well as increasing natural resource revenues.
  - The government's revenue outlook factors in trade-related uncertainty associated with the threat of U.S. tariffs consistent with the economic outlook.
- Expenses over the three-year fiscal plan are forecast at $94.9 billion in 2025-26, $95.9 billion in 2026-27 and $98 billion 2027-28.
  - Investments will help support the programs and services people rely on, including health care, mental health and addictions, education, housing, public safety, as well as helping people with costs and building a stronger economy.
- Budget 2025 includes Contingencies allocations of $4 billion each year of the fiscal plan for uncertain or emergent costs such as costs for the new collective-bargaining mandate or potential tariff response measures. There is no forecast allowance in the budget.

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- Budget 2025 invests $45.9 billion in taxpayer-supported capital investments over three years, including $15.9 billion to strengthen transit and transportation infrastructure, $15.5 billion to support capital investments in health care and $4.6 billion to build, renovate and seismically upgrade schools.
- B.C.'s taxpayer-supported debt at the end of 2024/25 is forecast to be $97.7 billion, which is $9.1 billion higher than forecast in Budget 2024, and taxpayer supported debt-to-GDP is estimated at 22.9 per cent this year, compared to 21.0 per cent forecasted in the last budget.
- The debt level is expected to increase over the fiscal plan period to finance the operating and capital investment needs of the Province, with taxpayer supported debt forecast to reach $166.5 billion by 2027/28.
- B.C.'s debt levels remain affordable compared to other jurisdictions.
- B.C.'s debt servicing costs remain at low levels compared to other jurisdictions. A common metric of financing affordability is the "interest bite," representing the taxpayer-supported interest costs as a percentage of provincial government revenue, which is estimated at 4.3 cents per dollar in 2024/25 and expected to be 6.9 cents per dollar of revenue by 2027/28.

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ISSUE NOTE

BACKGROUND:



Sources: B.C. Ministry of Finance; Economic Forecast Council range (low/average/high of Economic Forecast Council).

Budget 2025 Fiscal Forecast

($ millions)	Updated Forecast 2024/25	Budget Estimate 2025/26	Plan 2026/27	Plan 2027/28
Revenue	82,868	84,003	85,715	88,165
Expense	(92,003)	(94,915)	(95,918)	(98,028)
Deficit	**(9,135)**	**(10,912)**	**(10,203)**	**(9,863)**
Capital Spending:				
Taxpayer-supported capital spending	11,348	15,374	15,754	14,735
Self-supported capital spending	4,622	4,828	4,628	4,592
Total capital spending	**15,970**	**20,202**	**20,382**	**19,327**
Provincial Debt:				
Taxpayer-supported debt	97,711	118,719	143,412	166,479
Self-supported debt	35,305	37,913	40,300	42,351
Total debt	**133,016**	**156,632**	**183,712**	**208,830**
Taxpayer-supported Debt Metrics:				
Debt-to-GDP ratio	22.9%	26.7%	30.9%	34.4%
Interest bite (cents per dollar of revenue)	4.3	4.9	5.8	6.9
Economic Forecast:	2024	2025	2026	2027
Real GDP growth	1.2%	1.8%	1.9%	1.9%
Nominal GDP growth	4.1%	4.3%	4.3%	4.2%

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ISSUE NOTE

Table 1: Historical Prudence Over the Last 10 Years (as presented at budget for the first year of the plan)

Budget Year	Forecast Allowance	Contingencies[2]	Economic Prudence[3]
Budget 2015	$250 M	$350 M	-0.3 pp
Budget 2016	$350 M	$450 M	-0.3 pp
Budget 2017	$300 M	$600 M	-0.2 pp
Budget 2018	$350 M	$550 M	-0.2 pp
Budget 2019	$500 M	$1.303 M	-0.1 pp
Budget 2020	$300 M	$1.066 B	-0.4 pp
Budget 2021	$1.0 B	$4.25 B	-0.5 pp
Budget 2022	$1.0 B	$4.848 B	-0.2 pp
Budget 2023	$700 M	$5.50 B	-0.1 pp
Budget 2024	-	$3.885 B	+0.3 pp
Budget 2025	-	$4.000 B	-

[2] Total contingencies including those related to pandemic, wage mandate, climate emergencies, general programs, and CleanBC.

[3] Measured by how different the Ministry forecast for BC real GDP growth is from the average forecast of the members of the Economic Forecast Council (EFC) in percentage points (pp).

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QUESTIONS AND ANSWERS

ISSUE: Budget 2025 Economic and Fiscal Forecast

Question: Why didn't government include the repeal of the carbon tax in the budget forecast? When will government revise the budget?

Answer:

- Like all budgets, our March 4 budget was prepared at a point in time based on the latest information available and inclusive of government decisions to date.
- There was no decision to remove the carbon tax at the time of tabling the budget.
- On March 14, the federal government announced its intentions to eliminate the carbon tax on consumers and B.C. followed suit by introducing Bill 8 to eliminate the carbon tax at the very next sitting.
- The economic and fiscal forecast is always subject to change – this is not unusual. The current fiscal plan notes heightened uncertainty caused by U.S. tariffs and the impacts it's already having on our economy.

- Government is also working through a program review – decisions on specific programs including any mitigating offsets have not been made at this time.
- We will provide an updated economic and fiscal forecast as part of the *First Quarterly Report* on or before September 15 as per usual, as specified in the Budget *Transparency and Accountability Act*.

If pressed on the affect of carbon tax changes on the fiscal plan

- Cancelling the tax and the credit will have an estimated impact of $2 billion in the coming fiscal year.
- The Province is reviewing programs to mitigate the impact on B.C.'s budget, while supporting people in British Columbia in achieving climate goals.

If asked what programs are in scope of the review

- We are doing a comprehensive review of all programs as directed in all of the minister mandate letters.
- I'm not going to pre-judge the outcomes of the work underway.

- But the focus of the review is to ensure public dollars are used efficiently to protect critical services like healthcare, housing, and education and support initiatives that grow the economy.

Question: Is your fiscal plan still prudent?

Answer:

- The fiscal plan includes annual Contingencies of $4 billion.
- This supports government in managing unknown costs such as addressing increased demand for key government services, compensation-related costs for the new collective bargaining mandate, and other emergent priorities.
- Economic growth assumptions for the province's major trading partners are prudent compared to private sector forecasts to reflect external risks.
- The Budget 2025 projections for British Columbia's real GDP are within the range of the outlook provided by the Economic Forecast Council.
- And we continue the practice of using a lower natural gas price forecast than the average private sector forecasters over the fiscal plan.

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If asked about forecast allowance

- This budget focuses on Contingencies rather than forecast allowance to provide more flexibility for government.

Question: Why isn't government's economic forecast prudent?

Answer:

- The Ministry's forecast for B.C. real GDP growth in the near-term matches the outlook provided by the Economic Forecast Council (EFC), while the medium-term outlook is within the range provided by the EFC.
- The EFC has a wide range of views on the outlook due to high uncertainty and differing views on the ultimate impact of potential U.S. tariffs and other factors. Over half of the EFC forecasts account for some degree of tariff related impacts.

  Ministry analysis suggests that the province's economic growth will be slightly higher than the average EFC projections in the medium-term, likely due to different expectations on major projects such as LNG.

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MINISTRY OF FINANCE
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ISSUE NOTE

ISSUE: Path to Balance / Prudence in the Fiscal Plan

ADVICE AND RECOMMENDED RESPONSE:

- We are focused on supporting and growing the economy and managing our finances carefully to protect the services people rely on today.
- It's more important than ever to strengthen the Province's fiscal position, so government can respond to changing needs in these uncertain times.
- This budget takes initial steps towards a path to balance over the long term with $1.5B over three years in expenditure management targets that we'll achieve through administrative and operational efficiencies.
- We've put a temporary pause on hiring in the BC Public Service, with the exception of critical frontline roles.
- And we are reviewing all government programs to ensure that every dollar we are spending is delivering results for British Columbians.
- This is all part of our multi-year approach to maintain one of the lowest debt-to-GDP ratios in Canada and balance the budget over time.

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MINISTRY OF FINANCE
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KEY FACTS:

- Budget 2025 sets out a declining deficit track of $10.9B in 2025-26, $10.2B in 2026-27 and $9.9B in 2027/28.
- Initial expenditure management targets of $1.5B in total savings over the fiscal plan period ($300M in 2025/26 and $600M in 2026/27 and 2027/28).
- Budget 2025 assumes no growth in BC Public Service FTEs based on the hiring restrictions for the BC Public Service.
- Debt-to-GDP ratio is 22.9% in 2024/25, 26.7% in 2025/26, 30.9% to 2026/27, and 34.4% in 2027/28.
- Minister of Finance's mandate letter includes the following:
  - In order to protect key services that British Columbians rely on, work with your ministerial colleagues to review all existing government programs and initiatives to ensure programs remain relevant, are efficient, grow the economy, and help keep costs low for British Columbians. This is important in the context of Provincial budget constraints, proposed American tariffs and other global threats to BC families.
  - Put BC on a clear path to balanced budgets and maintain the province's debt to GDP ratio as among the best in Canada.

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ISSUE NOTE

BACKGROUND:

Table 1: B2025 revenue and expense changes

$ 000's	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Revenue	79,623	82,868	84,003	85,715	88,165
Expense	84,658	92,003	94,915	95,918	98,028
Deficit	**(5,035)**	**(9,135)**	**(10,912)**	**(10,203)**	**(9,863)**
Annual % growth rates					
Revenue	(2.6%)	4.1%	1.4%	2.0%	2.9%
Expense	4.7%	8.7%	3.2%	1.1%	2.2%
Differential	**(7.4%)**	**(4.6%)**	**(1.8%)**	**1.0%**	**0.7%**

Table 2: Key Fiscal Metrics

	2021/22	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Budget 2021							
Projected Surplus/ (Deficit)	($9.7B)	($5.5B)	($4.3B)				
Projected Debt-to-GDP Ratio[1]	22.8%	25.0%	26.9%				
Budget 2022							
Projected Surplus/ (Deficit)	($0.5B)	($5.5B)	($4.2B)	($3.2B)			
Projected Debt-to-GDP Ratio[1]	17.8%	20.0%	21.8%	22.8%			

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	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Budget 2023							
Projected Surplus/ (Deficit)	$1.3B (Actual)	$3.6B	($4.2B)	($3.8B)	($3.1B)		
Projected Debt-to-GDP Ratio[1]	17.8% (Actual)	16.4%	18.9%	21.3%	23.0%		
Budget 2024							
Projected Surplus/ (Deficit)	$1.3B (Actual)	$0.7B (Actual)	($5.9B)	($7.9B)	($7.8B)	($6.3B)	
Projected Debt-to-GDP Ratio[1]	17.5% (Actual)	15.2% (Actual)	17.6%	21.0%	24.8%	27.5%	
Budget 2025							
Projected Surplus/ (Deficit)	$1.3B (Actual)	$0.9B (Actual)	($5.0B) (Actual)	($9.1B)	($10.9B)	($10.2B)	(9.9B)
Projected Debt-to-GDP Ratio[1]	17.5% (Actual)	15.1% (Actual)	18.4% (Actual)	22.9%	26.7%	30.9%	34.4%

[1] Taxpayer-supported debt-to-GDP

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QUESTIONS AND ANSWERS

Question: How is this fiscal plan sustainable? Where is the path to balance that was promised?

Answer:

- Managing down the operating deficit and ensuring B.C.'s debt-to-GDP remains one of the lowest in Canada is a priority over the longer term.
- That's why Budget 2025 takes initial steps by limiting new spending to critical services, implementing program reviews and hiring freeze and introducing initial expenditure management targets through administrative and operating efficiencies.
- This will take successive budgets to show measurable progress, but we are committed to doing the hard and necessary work to ensure we can protect the critical services people rely on while managing our finances carefully and finding ways to strengthen and grow the economy.

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Question: When will you achieve balanced budgets?

Answer:

- My focus is on bringing us there as soon as possible – while protecting services and protecting people from fee hikes and costs. We will not balance the budget on the backs of people.
- At this point, with the potential of tariffs there's more uncertainty around timelines than there otherwise would be.
- But I am determined to bring us back to balance over time.

Question: Is this the biggest deficit in B.C. history?

Answer:

- In this unprecedented time of tariff threats from the United States, we are standing strong, together, to defend British Columbia and the people who live here.
- We are doing this by building on our strengths – protecting services people rely on and growing B.C.'s diversified economy.
- We know it's more important than ever to strengthen the Province's fiscal position and chart a long-term path to

balance so we can respond to changing needs - we remain committed to this.
- B.C. has forecast higher deficits in the past, but has managed the fiscal plan to improved results.

Question: How will you achieve your expenditure management targets?

Answer:

- In the face of the unpredictable impacts of tariffs on British Columbians, it's more important than ever that we focus our spending to protect services like health care and build the infrastructure we need in a growing province.
- We are reviewing all existing programs to ensure they remain relevant, efficient, that they are helping British Columbians, and working to grow the economy.
- We are reducing administrative and operational spending on areas like travel, professional and consulting services, office and business expenses, and other discretionary spending.
- And we are looking at implementing other strategies like the BC Public Service hiring freeze, consolidating

government office space and debt and cash management strategies.

Question: Given the size of your deficit, why aren't you trying to save more? Are your savings targets higher now to make up for lost carbon tax revenues?

Answer:

- Government is taking a measured approach to expenditure management starting with administrative and operational efficiencies and a review of government programs.
- The initial expenditure management target of $300M represents around 0.5% of ministry operating budgets in 2025/26, with future targets of $600M annually representing around 1% of ministry budgets.
- As a result of these initial steps, the year-over-year spending increase in 2025/26 is 3.2% compared to an increase of 8.7% in 2024/25. We will focus on lowering annual expense growth as a key part of our work going forward.
- We are also doing a comprehensive review of programs as directed in all of the minister mandate letters.

- This is about ensuring public dollars are having the most impact for people and working to protect and grow our economy.
- We are asking Ministries to be creative and exhaustive in considering options to most effectively make use of public dollars.
- This work is ahead of us and I will report out on progress as part of regular financial reporting (Quarterly Reports, future Budgets).

Question: What programs are being considered for cuts?

- I'm not going to pre-judge the outcome of the work underway.
- But the focus of the review is to ensure public dollars are used efficiently to protect core services like healthcare, housing, and education and initiatives that grow the economy.

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Question: Will there be fewer public servants? Are layoffs on the table?

- This review is about ensuring that public dollars are having the most impact for people and growing our economy, which includes optimizing our service delivery and management structures.
- Our focus is on managing any reductions through attrition.

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ISSUE NOTE

ISSUE: Finance Legislation Changes (non-tax)

ADVICE AND RECOMMENDED RESPONSE:

- The *Budget Measures Implementation Act* includes one non-tax item this year.
- Government proposed changes to the *Balanced Budget and Ministerial Accountability Act* to allow tabling of a deficit budget in fiscal year 2027/28. This change aligns the legislation with the *Budget 2025* fiscal plan projection of deficits in the three years of the plan to 2027/28.
- The proposed amendment is consistent with amendments made in each of the last three budget cycles.

KEY FACTS:

- The *Balanced Budget and Ministerial Accountability Act* includes a prohibition for presenting main estimates for a fiscal year that contain a forecast of a deficit (BBMAA section 2).
- In the summer of 2020, section 2.2 was added to suspend this prohibition for fiscal years 2021/22 to 2023/24. The change meant that *Budget 2021* could present deficits in all three years of the fiscal plan.

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- In *Budget 2022, Budget 2023* and *Budget 2024*, the suspension was extended by one year to include the new third year of the respective fiscal plan periods. The proposed amendment for *Budget 2025* continues with this practice.

BACKGROUND:

- [ENTER DATE OF THIRD READING OR ROYAL ASSENT - it is assumed that the Bill will be passed before the Estimates Debate for the ministry of finance]

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QUESTIONS AND ANSWERS

Question: Can you explain the rationale for needing to make this amendment?

Answer:

- Currently, the *Balanced Budget and Ministerial Accountability Act* prohibits deficits being reported in the Budget and Fiscal Plan except for fiscal years 2021/22 to 2026/27.
- The *Budget 2025* three-year fiscal plan, 2025/26 to 2027/28 includes decreasing deficits for the fiscal plan period.
- Although the deficit prohibition technically only applies to the next fiscal year in the Estimates (i.e., 2025/26), the practice has been to include the amendment to provide clarity that the deficit prohibition exemption will apply to all three years of the fiscal plan where deficits are forecast.
- The amendment is consistent with government's commitment to annually review the balanced-budget legislation and make amendments if and when required.

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ISSUE NOTE

ISSUE: Housing Starts

ADVICE AND RECOMMENDED RESPONSE:

- Coming off record highs in 2023, housing starts decreased by 9.2 per cent in 2024. Homebuilding activity has been weak so far in 2025 amid elevated interest rates, skilled-labour shortages, increasing construction costs and broader economic uncertainty around U.S. tariffs.
- On a per capita basis, B.C. housing starts ranked third among provinces in 2024, behind Alberta and Prince Edward Island, following three years of ranking first.
- *Budget 2025* injects an additional $318M over three years to BC Builds as part of the Province's goal of delivering thousands of rental homes for middle-income people.
- *Budget 2025* calls for robust residential construction over the forecast horizon, supported by private and public sector investment, lower interest rates, provincial policy measures and changes to federal mortgage rules that took effect in December 2024.
- The Ministry of Finance expects B.C. housing starts to total around 46,500 units in 2025 and 47,800 units in 2026 and

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then average around 49,900 units per year over the 2027 to 2029 period.

- The Ministry's housing starts forecast is within the range of the Economic Forecast Council's outlook over the forecast period.

KEY FACTS:

Housing Starts and Outlook (data as of April 15, 2025)

- B.C. housing starts totalled 45,828 units in 2024, down by 9.2 per cent from the record high in 2023, amid elevated interest rates, skilled-labour shortages and increasing construction costs.
- So far in 2025, homebuilding activity has been volatile amid broader economic uncertainty around U.S. tariffs. Year-to-date to March 2025 B.C. housing starts decreased by 27.6 per cent compared to the same period of 2024, and are below the 10-year historical average.
- Looking ahead, the level of homebuilding activity in B.C. is expected to increase over the forecast horizon supported by private and public sector investment, lower interest rates, provincial policy measures introduced to encourage more homebuilding in B.C. and changes to federal mortgage rules that took effect in December 2024.

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- The Ministry expects B.C. housing starts to total around 46,500 units in 2025, 47,800 units in 2026 and average around 49,900 units per year over the 2027 to 2029 period.
- The *Budget 2025* outlook for housing starts is lower than the *Fall 2024 Economic & Fiscal Update*, partly due to growing uncertainty around impacts to input costs and investment due to restrictive global trade policies and lower immigration and population growth projections. See Table 1:

Table 1: Change in Ministry of Finance Housing Starts Forecast

		2023	2024	2025	2026	2027	2028	2029
Housing Starts (units)	Budget 2024	50,490	46,107	47,331	49,565	50,552	51,406	N/A
	First Quarterly Report 2024	50,490	46,711	48,504	50,023	51,112	51,964	N/A
	Fall 2024 Economic & Fiscal Update	50,490	45,281	48,412	Cabinet Confidences			
	Budget 2025	***50,490***	***45,828***	***46,543***	***47,815***	***48,697***	***50,004***	***51,114***
Housing Starts (annual % change)	Budget 2024	8.1	-8.7	2.7	4.7	2.0	1.7	N/A
	First Quarterly Report 2024	8.1	-7.5	3.8	3.1	2.2	1.7	N/A
	Fall 2024 Economic & Fiscal Update	8.1	-10.3	6.9	Cabinet Confidences			
	Budget 2025	***8.1***	***-9.2***	***1.6***	***2.7***	***1.8***	***2.7***	***2.2***

Cabinet Confidences

  - Lower immigration levels are expected to reduce housing demand, including rental and homeownership. Immigrants tend to rent when they first arrive in Canada, with homeownership rates increasing over time after arrival.
  - The Ministry expects that reduced immigration targets will mainly impact the rental market. However, with a growing

share of homebuilding in the purpose-built rental segment, there is a risk to slowing demand for this market. The impact of reduced demand for housing will depend on the composition and levels of immigration that materialize.

- The Ministry's housing starts forecast is within the range of the Economic Forecast Council's outlook over the forecast period. See Table 2:

Table 2: Ministry of Finance Housing Starts Forecast Compared to EFC

		2025	2026	2027	2028	2029
Housing Starts (units)	EFC Feb 2025 Low	38,000	40,500	38,900	37,000	34,900
	EFC Feb 2025 Average	**44,685**	**45,490**	**44,932**	**44,825**	**44,802**
	EFC Feb 2025 High	51,000	55,000	53,000	55,000	57,000
	Budget 2025	***46,543***	***47,815***	***48,697***	***50,004***	***51,114***

  - On average, the Economic Forecast Council is calling for steady homebuilding activity in the province and expects B.C. housing starts to continue to trend above the ten-year average of 41,431 annual units.

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QUESTIONS AND ANSWERS

ISSUE: Housing Starts

Question: Your own Ministry lowered its housing starts outlook compared to previous projections. Don't you believe your housing strategies will work?

Answer:

- Market conditions drive housing market activity. The lower track for housing starts is not due to provincial policy. The *Budget 2025* forecast reflects revised housing market assumptions.
- The *Budget 2025* housing starts forecast reflects several market factors that could weigh on private sector construction, such as:
    - growing uncertainty around impacts to construction costs and investment due to restrictive global trade policies;
    - lower immigration and slower population growth are expected to reduce the demand for rental units; and
    - purpose-built rental apartments account for a growing share of new home construction in B.C. and there is a

risk to slowing demand for this intended market with lower immigration.

- However, residential construction is forecast to remain robust, supported by recent government housing policies, while home sales activity is expected to strengthen in response to interest rate cuts and increasing demand.
- The Province supports many important forms of housing that are not considered 'Housing Starts'. Some examples include student housing, purchase and refurbishment of existing buildings, and other policies that bring existing units to market such as the speculation and vacancy tax and short-term rental restrictions.

Question: How does B.C.'s housing starts compare to other provinces?

Answer:

- On a per capita basis, B.C. housing starts ranked third amongst the provinces in 2024, behind Alberta and Prince Edward Island, following three years of ranking first (see Table 3).

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Table 3 - HOUSING STARTS BY PROVINCE (Units)

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	Can
2023	50,490	36,022	4,619	7,104	89,297	38,912	4,547	7,159	1,139	978	240,267
2024	45,828	47,827	4,319	7,191	74,573	48,713	6,169	7,381	1,694	1,672	245,367
Annual Difference	**-4,662**	**11,805**	**-300**	**87**	**-14,724**	**9,801**	**1,622**	**222**	**555**	**694**	**5,100**
2024 Starts per thousand people	**8.0**	**9.8**	**3.5**	**4.8**	**4.6**	**5.4**	**7.2**	**6.9**	**9.5**	**3.1**	**5.9**
Rank	**3.0**	**1.0**	**9.0**	**7.0**	**8.0**	**6.0**	**4.0**	**5.0**	**2.0**	**10.0**	

Question: How much housing construction in the province is from public sector funding compared to private sector funding?

Answer:

- Statistics Canada and the Canada Mortgage and Housing Corporation do not have readily available historical figures that provide the breakdown of housing construction by public and private sector.
- However, based on limited data available from BC Housing, it is estimated that between 5 – 10 per cent of housing construction in the province is due to public sector investment.

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- It is important to note that public sector investments in housing go towards both new construction as well as renovations of existing structures.

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ISSUE: Provincial Debt & Debt Affordability

ADVICE AND RECOMMENDED RESPONSE:

- We are investing in critical public services to meet growing demand and to build the infrastructure that is needed now for a growing province.
- Taxpayer-supported debt is forecast at $118.7 billion in 2025/26 and $166.5 billion at the end of the three-year fiscal plan period in 2027/28.
- Although the debt-to-GDP ratio is forecast to increase over the fiscal plan from 26.7 per cent in 2025/26 to 34.4 per cent by 2027/28, it remains low compared to other jurisdictions.
- B.C.'s debt continues to remain affordable. In 2024/25, the "interest bite" is projected at 4.3 – this means that 4.3 cents per dollar of taxpayer-supported revenue will go towards paying interest.
- We are committed to expenditure management initiatives in recognition of the need to reduce the rate of growth in debt to meet fiscal sustainability objectives.

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File Name: TBS Provincial Debt and Debt Affordability

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KEY FACTS:

- The Province's total debt is comprised of taxpayer-supported debt (core government as well as agencies such as school districts, universities, health authorities, BC Transportation Financing Authority, BC Housing) and self-supported debt, which is debt held by self-supported Crown corporations, mainly BC Hydro. Discussions on debt are focused primarily on the "taxpayer-supported" portion.
- Total provincial debt is projected to increase by $75.8 billion over the fiscal plan period to reach $208.8 billion by 2027/28, comprising of:
    - $166.5 billion for taxpayer-supported operating and capital investments, and
    - $42.3 billion for self-supported capital investments.
- Taxpayer-supported debt is projected to increase by $68.8 billion over this period.
    - $28.1 billion for operating costs (financing deficits),
    - $21.4 billion for capital investments funded by ministries through the Capital Funding Vote, and
    - $19.3 billion increase in debt held by taxpayer-supported entities, mainly the BC Transportation Financing Authority.

- Self-supported debt is projected to increase by $7.0 billion, mainly for capital investments related to improving and expanding BC's hydroelectric generation and distribution assets.

BACKGROUND:

Table 1.9 Provincial Debt Summary

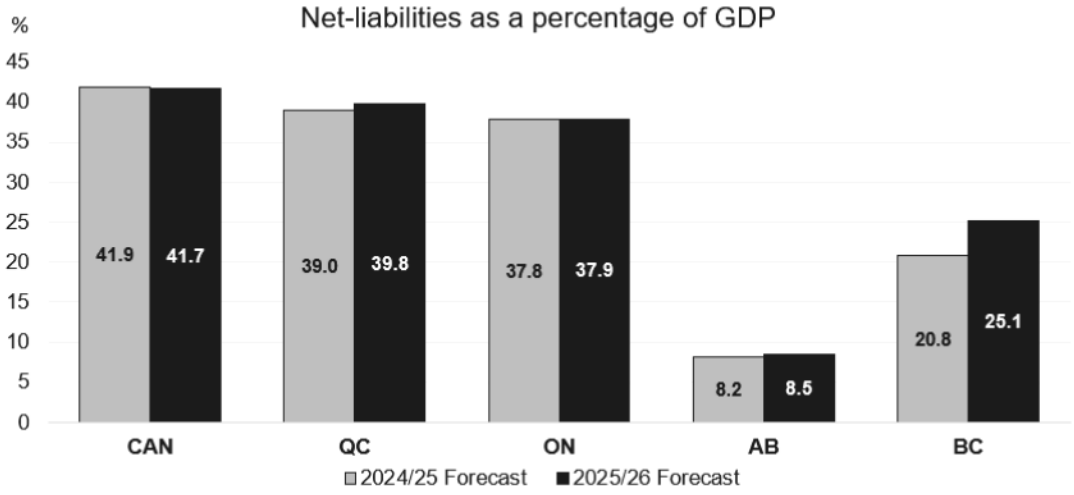
($ million unless otherwise indicated)	Updated Forecast 2024/25	Budget Estimate 2025/26	Plan 2026/27	Plan 2027/28
Taxpayer-supported debt				
Provincial government				
Operating	22,028	29,703	39,775	50,092
Capital	45,982	52,268	59,836	67,433
Total provincial government	68,010	81,971	99,611	117,525
Taxpayer-supported entities				
BC Transportation Financing Authority	24,670	29,775	35,389	41,084
Health Authorities and Hospital Societies	2,337	2,287	2,233	2,173
Post Secondary institutions	963	984	1,023	1,017
Social Housing	1,316	2,584	3,520	2,738
Other	415	1,118	1,636	1,942
Total taxpayer-supported entities	29,701	36,748	43,801	48,954
Total taxpayer-supported debt	**97,711**	**118,719**	**143,412**	**166,479**
Self-supported debt	**35,305**	**37,913**	**40,300**	**42,351**
Total provincial debt	**133,016**	**156,632**	**183,712**	**208,830**
Taxpayer-supported debt to GDP ratio	**22.9%**	**26.7%**	**30.9%**	**34.4%**
Total provincial debt to GDP ratio	**31.2%**	**35.2%**	**39.6%**	**43.2%**
Taxpayer-supported debt per capita ($)	**17,147**	**20,787**	**25,189**	**29,027**
Taxpayer-supported interest bite (cents per dollar of revenue)	**4.3**	**4.9**	**5.8**	**6.9**

- Despite this projected growth, government's borrowing costs remain affordable, with taxpayer-supported interest bite is forecast at 4.3 cents per dollar of revenue in 2024/25 and 6.9 cents per dollar of revenue in 2027/28.

Interest bite (cents per dollar of revenue)	2024/25	2025/26	2026/27	2027/28
Budget 2024.....	3.8	4.6	5.4	n/a
Budget 2025.....	4.3	4.9	5.8	6.9
Increase	0.5	0.3	0.4	n/a

- B.C.'s debt level remains affordable compared to our peers, with net-liabilities to GDP amongst the lowest in the country.

Debt Affordability Among Provinces*



* Net-liabilities to GDP is used for inter-provincial comparison due the availability of public information. Figures were sourced from each jurisdiction's latest fiscal or economic update published from October 2024 through December 2024. B.C. figures are based on the *Budget 2025* forecast.

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QUESTIONS AND ANSWERS

Question: Why is taxpayer-supported debt increasing? What is the new borrowing going to fund?

Answer:

- This increased borrowing will finance annual operating deficits and fund significant investments in capital infrastructure over the next three years, including:
    - $28.1 billion in operating requirements (due to deficits),
    - $40.7 billion in capital projects including:
        - $6.1 billion for education projects,
        - $11.4 billion for health facilities,
        - $16.7 billion for transportation sector projects,
        - $3.5 billion for social housing, and
        - $3.0 billion for other service delivery agencies and general government.

(Note: Amounts above reflect a breakdown by sector; does not separate government-held debt from service agency debt.)

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Question: What is government's projected total interest expense over the fiscal plan period?

Answer:

- Government's total debt servicing costs are expected to grow by $2.8 billion over the fiscal plan period from $4.4 billion in 2024/25 to $7.2 billion in 2027/28.
- The total interest expense over the three-year fiscal plan period is projected to be $18.2 billion.

($ millions)	Budget 2024/25	Updated Forecast 2024/25	Budget Estimates 2025/26	Plan 2026/27	Plan 2027/28
Debt servicing costs	4,105	4,373	5,060	5,949	7,154

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Question: How have total debt servicing costs changed from *Budget 2024*?

Answer:

- Debt servicing costs are forecast to increase over the fiscal plan period to $7.2 billion by 2027/28.
- And the total costs are $1.3 billion higher than *Budget 2024* over the fiscal plan period.

($ millions)	2024/25	2025/26	2026/27	2027/28	
Budget 2024.....	4,105	4,815	5,676	6,331	*
Budget 2025.....	4,373	5,060	5,949	7,154	
Increase	268	245	273	823	

* *Budget 2024* amount for 2027/28 has not been made public

- The increase is mainly due to higher borrowing requirements to finance the annual operating deficits and to fund significant capital investments over the next three years.
- Government continues to benefit from favourable credit ratings and the associated low cost of borrowing.

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File Name: TBS Provincial Debt and Debt Affordability

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Question: What is the impact of higher servicing costs on Taxpayer-supported interest bite (a key debt affordability metric)?

Answer:

- Government's debt servicing costs remain at low levels compared to other jurisdictions.
- A common metric of affordability is the interest bite, or the taxpayer-supported interest cost as a percentage of revenue, which is forecast at 4.3 per cent in 2024/25 and 6.9 per cent in 2027/28.

Interest bite (cents per dollar of revenue)	2024/25	2025/26	2026/27	2027/28
Budget 2024.....	3.8	4.6	5.4	n/a
Budget 2025.....	4.3	4.9	5.8	6.9
Increase	0.5	0.3	0.4	n/a

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MINISTRY OF FINANCE
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ISSUE NOTE

ISSUE: U.S. Tariffs

ADVICE AND RECOMMENDED RESPONSE:

- This budget was prepared at a time of significant uncertainty with news regarding tariffs changing daily.
- Given the uncertainty around tariffs, the budget economic forecasts do not include the direct impacts of tariffs, but do factor in the impact it's already having on our economy.
- The ministry also prepared a tariff scenario for Budget 2025 based on the latest economic forecast and updated tariff assumptions from U.S. and Canadian government statements as of February 4.
- The impacts of the scenario include:
    - A $43 billion cumulative decrease to real GDP by 2029;
    - 45,000 fewer jobs by 2029;
    - Unemployment rate increase to 6.4% in 2025 and 6.7% in 2026;
    - $3.2 billion to $5 billion annual decline in corporate profits; and
    - Up to $1.4 billion annual loss in revenue.

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KEY FACTS:

- The Ministry prepared an initial tariff scenario on January 16 based on 25% broad-based tariffs and full retaliation and using the Fall Update as the base case.
- The Budget 2025 scenario incorporates updated economic information, including the uncertainty caused by tariffs into the base case and assumes moderated tariff assumptions (10% U.S. tariff on energy products, 25% on other goods, and 25% Canadian retaliatory tariffs on $155 billion of U.S. goods).
- The timing and nature of tariffs continues to evolve daily which makes potential impacts difficult to predict.
- The ministry will provide a revised economic and fiscal forecast as part of the First Quarterly Report (released by September 15, 2025) based on the latest available data and information.

BACKGROUND:

Table 1: Differences In Scenario Assumptions

January 16 Scenario	Budget 2025 Scenario
Base case: Fall 2024 Update	Base case: Budget 2025
25% U.S. tariffs on all goods	10% U.S. tariffs on energy products, 25% on all other goods
Full retaliation by Canada	Partial retaliation by Canada

No monetary or fiscal policy response	Interest rates cut and federal government supports
Starts in April 2025 and remains until 2028	Starts in March 2025 and remains until 2029

Table 2: Differences in Scenario Impacts

Indicator	January 16 Scenario	Budget 2025 Scenario
Real GDP (cumulative loss)	$69 billion by 2028	$43 billion by 2029
Employment (job loss)	124,000 fewer jobs by 2028	45,000 fewer jobs by 2029
Unemployment Rate (increase)	6.7% in 2025 & 7.1% in 2026	6.4% in 2025 & 6.7% in 2026
Corporate Profits (annual decline)	$3.6 to $6.1 billion	$3.2 to $5.0 billion
Revenue (annual loss)	$1.6 to $2.5 billion	Up to $1.4 billion*

CURRENT STATUS:

- **As of April 15, 2025, the U.S. government has implemented the following tariffs on goods imported from Canada and Mexico:**
    - 25% U.S. tariff on non-CUSMA compliant goods (CUSMA compliant goods are exempt; announced March 6)

        - 10% on potash and energy products on non-CUSMA compliant goods (announced March 6)
    - 25% on steel and aluminum (announced March 12)
    - 25% on automobiles and auto parts (announced March 26)
        - Auto parts: compliant with CUSMA are exempt; effective May 3
        - Automobiles: if the automobile is compliant with CUSMA, the tariff is applied to the percent of the vehicle's value that is not US-made; effective April 3
- **As of April 15, 2025, the Canadian government has implemented the following tariffs on goods imported from the U.S.:**
    - 25% tariffs on an initial $30 billion of U.S. imports (announced March 4)
    - 25% tariffs on an additional $29.8 billion of U.S. imports (announced March 12)
    - 25% tariffs on U.S. made automobiles not compliant with CUSMA; and 25% on non-Canadian and non-Mexican content of CUSMA compliant vehicles imported into Canada from the U.S. (announced April 3)
- **As of April 15, 2025, the U.S. government has implemented the following tariffs on goods imported from other countries:**
    - 10% reciprocal tariffs on non-retaliating countries; the higher country-specific reciprocal tariffs (ranging from 10% to 50%) announced on April 2 were paused on April 9 for 90 days

- 145% tariff on China (125% reciprocal tariff plus 20% fentanyl tariff)
  - This is on top of tariffs that already existed prior to the current trade war.
- 25% on steel and aluminum (announced March 12)
- 25% on automobiles and auto parts (announced March 26)

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QUESTIONS AND ANSWERS

ISSUE: U.S. Tariffs

Question: How is B.C. Responding to Tariffs?

Answer:

- Our three-part response to President Trump's tariffs is focussed on:
  - strengthening B.C.'s economy, including by expediting projects and supporting industry and workers;
  - diversifying trade markets for products so British Columbia is less reliant on U.S. markets and customers; and
  - responding to U.S. tariffs with tough counter-actions and outreach to American decision-makers.
- As immediate next steps, the Premier has directed that all U.S. brands be pulled from the shelves of public liquor stores, and that the B.C. public sector is to procure goods and services from Canada and other countries first.
- On April 10, 2025, the Premier expanded that direction asking ministries, health authorities and core Crown corporations to look for every opportunity to move existing contracts away from U.S. suppliers and cancelling non-

essential government travel to the United States. These directives will be applied, where viable, following an assessment of legal, financial, operational, and other reasonable considerations.

- We have also introduced legislation (Bill 7, Economic Stabilization (Tariff Response) Act) that, if passed, would allow B.C. to further defend jobs and businesses and respond to new challenges quickly. This includes time-limited authority:
    - to impose tolls/fees on non-Canadian commercial vehicles using B.C. infrastructure such as highways;
    - to reduce internal trade barriers;
    - and to make procurement directives.
- We've also stood up a trade and economic security task force that includes B.C.'s largest business organizations, labour, and Indigenous leadership.
- And a Cabinet committee is coordinating the whole-of-government approach we're taking to defend B.C.'s workers, businesses, and economy.
- We will continue to work with our federal and provincial counterparts on a coordinated response as things continue to evolve.

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Question: Why is there no tariff fund or tax breaks in this budget?

Answer:

- Government's tariff response measures will depend on what the tariffs look like. Ottawa has announced supports for businesses and workers. Our commitment is to fill gaps in federal programs.
- As of April 15, 2025, the federal government has announced various support programs for **businesses**, including the following:
    - Export Development Canada (EDC) – $5 billion for a new Trade Impact Program to help exporters reach new markets for Canadian products and help companies navigate the economic challenges imposed by the tariffs, including losses from non-payment, currency fluctuations, lack of access to cash flows, and barriers to expansion.
    - Business Development Bank of Canada (BDC) – $500 million in favourably priced loans to support impacted businesses in sectors directly targeted by tariffs, as well as companies in their supply chains. Businesses can also benefit from advisory services

in areas such as financial management and market diversification.

- Farm Credit Canada (FCC) – $1 billion in new financing to reduce financial barriers for the Canadian agriculture and food industry. This lending offer will help address cash flow challenges so that businesses can adjust to a new operating environment and continue to supply the high-quality agricultural and food products that Canadians rely on.
- Deferring corporate income tax payments and GST/HST remittances due to the Canada Revenue Agency from April 2 to June 30, 2025, providing up to $40 billion in liquidity support for Canadian businesses.
- Large Enterprise Tariff Loan Facility (LETL) - will support eligible large businesses (including those that contribute to Canada's food security, energy security, economic security, and national security) that are facing difficulties in accessing traditional sources of market financing, by providing access to liquidity. This will help employers that were viable before the recent U.S. trade actions to help sustain

their operations and return to financial stability. Companies will be required to make efforts to maintain jobs and sustain business activities in Canada.

- Providing relief from countermeasures on imports from the United States:
  - A remission framework to protect businesses and jobs by considering, under specific exceptional circumstances, relief from the payment of tariffs, or the refund of tariffs already paid by Canadian businesses. In addition, the government announced a performance-based remission framework for automakers, designed to incentivize continued production and investment in Canada.
  - The government intends to provide temporary 6-month relief for goods imported from the U.S. that are used in Canadian manufacturing, processing and food and beverage packaging, and for those used to support public health, health care, public safety, and national security objectives.

        - The Duties Relief Program and Duty Drawback Program allow qualified companies to import commercial goods without paying tariffs, or refund tariffs paid, if they re-export them either in the same condition or after using, consuming, or expending them to process other goods that are eventually exported.
- As of April 15, 2025, the federal government has announced various support programs for **workers**, including the following:
    - Ensuring a strong social safety net through the Employment Insurance (EI) program including:
        - Waiving the one-week waiting period so that workers can receive benefits for the first week of unemployment. This measure is in effect from March 30 to October 11, 2025.
        - Suspending the rules around monies on separation (e.g., severance, vacation pay) to allow claimants to receive EI benefits sooner without having to use up those monies first. This measure is in effect from March 30 to October 11, 2025.

        - Ensuring that no worker needs more than 630 hours (instead of 700 hours) to qualify for EI regular benefits and increasing the duration of EI regular benefits by up to four additional weeks by adjusting the regional unemployment rates by up to one percentage point. This measure is in effect from April 6 to July 12, 2025.
    - Introducing temporary flexibilities for tariff-impacted businesses under the Work-Sharing Program, which provides EI benefits to eligible employees who agree to work reduced hours due to a decrease in business activity beyond their employer's control. This helps employers and employees avoid layoffs while supplementing reduced income with EI benefits.
- We have $4B in annual Contingencies in this budget to help manage pressures for critical services, plan for costs of a new collective-bargaining mandate and for emerging costs, such as responding to potential tariff impacts.
- And of course, the best-case scenario is that we avoid long-term tariffs entirely.

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QUESTION: Why is the new tariff impacts projection significantly lower?

Answer:

- The Budget 2025 scenario uses different starting points, tariff assumptions, and fiscal and monetary policy response.
- The base case for this scenario incorporates other economic changes (such as updated data and population projections) since the *Fall 2024 Update*, as well as some impacts of the heightened uncertainty due to the threat of U.S. tariffs.
- This is a very uncertain situation. It represents another scenario in a range of possibilities. But regardless of what happens, the impact of tariffs would be severe.
- It could also be substantially higher than this new scenario – for example, if Ottawa doesn't provide supports, if U.S. tariffs stack, or if Canada is forced to ramp up retaliatory measures.
- The timing and nature of tariffs continues to evolve daily which makes potential impacts difficult to predict.
- The ministry will provide a revised economic and fiscal forecast as part of the First Quarterly Report (released by

September 15, 2025) based on the latest available data and information.

QUESTION: What is the difference in the Budget 2025 scenario compared to the January 16 scenario?

Answer:

- There's been considerable uncertainty in the magnitude, scope, and timing of tariffs.
- The January 16th scenario assumed a broad-based U.S. tariff of 25% on all goods from Canada and Mexico, and full retaliation of 25% in Canadian counter-tariffs on all goods from the United States.
- The new scenario starts with the Budget 2025 economic and fiscal forecast and more recent tariff information up to February 4, 2025.
- This scenario assumes 10% tariffs on Canadian energy products and a 25% tariff on all other goods from Canada and Mexico, along with the retaliation measures Canada announced (25% counter-tariffs on less than half the goods imported from the U.S.).
- This scenario also assumes the federal government would provide supports as needed to households and businesses

as it has indicated, and that the Bank of Canada would lower interest rates. Our new scenario can be considered alongside the Jan 16th scenario to provide a range of potential impacts depending on actual future events.

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APPENDIX: Provincial Budget Comparisons

Tariff Impacts as Reported by Other Jurisdictions

- **Nova Scotia** announced their 2025 Budget on **February 18th** and did not assume any direct tariff impacts but included $200 million in additional Contingencies to account for tariff uncertainty.
- **Alberta** released their budget on **February 27th** and assumed 10% tariffs on energy products and 15% on other goods. Tariff impacts result in a projected deficit of $5.2 billion (compared to the previous budget assumption of $1.4 billion surplus for 2025/26) and includes $4 billion in annual Contingencies to account for tariff uncertainty.
- **New Brunswick** released their budget on **March 18th** and did not incorporate full implementation of U.S. tariffs or Canadian counter measures, and their forecast reflected downside risks posed by uncertainty around potential tariffs. The budget includes a $112 million tariff response package ($25 million for a business support program through Opportunities New Brunswick, and $87 million in existing programs (not new funds) that can be repurposed to serve in a tariff response capacity). The budget also introduces a $50 million Contingency to address uncertainty caused by tariffs.
- **Saskatchewan** released their budget on **March 19th** and did not incorporate direct impacts of U.S. tariffs or Canadian countermeasures in their forecast. However, they presented a scenario (10% tariff on Canadian energy, 25% on other exports)

which could reduce real GDP by up to $4.9 billion and lower provincial revenues by up to $1.4 billion). There is no tariff-related Contingency.

- **Manitoba** released their budget on **March 20th** and did not incorporate direct impacts of U.S. tariffs or Canadian retaliation. However, they presented a scenario (25% U.S. tariffs with Canadian retaliation) which could reduce GDP by as much as $3.6 billion. Revenue is estimated to contract by $147 million for every 1% reduction in nominal GDP growth, and projected revenue could be reduced by up to $559 million in 2025, comparable to the 2009 recession. Baseline projections include revenue Contingencies of $100 million in 2024/25 and $200 million in 2025/26 to address the threat of US tariffs. The budget also includes potential additional tariff response measures of $1.1 billion, should tariffs be sustained. Manitoba is providing supports for impacted businesses and workers and relief for those facing rising costs (e.g. tariff hotline, industry consultations, funding to pivot to new markets, supports for students to upskill).
- **Quebec** released their budget on **March 25th** and assumes 10% U.S. tariffs for about two years, resulting in a cumulative reduction of GDP growth by 0.7 percentage points for 2025 and 2026, and an estimated 25,000 fewer jobs created during the two-year period. The budget forecasts a deficit of $13.6 billion in 2025/26 and $9.5 billion in 2026/27 (once the deposits of dedicated revenues in the Generations Fund are included). The budget sets aside $12.3 billion

over five years for economic stimulus and support, focused on stimulating wealth creation, and supporting Quebecers. Two alternative scenarios are also presented. Under the higher tariff scenario (10% on energy, 25% on all other goods, with retaliation), real GDP growth cumulatively falls by 2.1 percentage points over two years from the base case, an additional 71,000 jobs would be lost, and a deterioration in the budgetary balance of $9.4 billion over six years would be expected. Under the stronger growth scenario (no tariffs), real GDP growth cumulatively increases by 1.3 percentage points over two years above the base case, over 31,000 additional jobs would be created, and an improvement in the budgetary balance of $8.6 billion over six years would be expected.

- **Newfoundland and Labrador** released their budget on **April 9th** and noted that the impacts of various tariffs that have been announced "have been broadly captured in the economic forecast". The budget sets aside $200 million in Contingencies to address economic impacts associated with the uncertainty of U.S. tariffs and associated counter tariffs.
- **PEI** released their budget on **April 10th** and did not include direct impacts of tariffs. Scenarios were not presented, although the budget noted that the estimated impacts of the proposed tariffs on PEI's economy "range from 2 per cent to 3.5 per cent of GDP after one year" depending on the measures and counter measures announced. The budget includes a $32 million Tariff and Trade

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Contingency Fund to provide direct support to businesses and workers affected by tariffs, reinforce trade relationships, and help businesses diversify into new markets. There is also a $10 million Tariff Working Capital Program to provide flexible loans for businesses.

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ISSUE: Capital Plan

ADVICE AND RECOMMENDED RESPONSE:

- Taxpayer-supported capital spending is expected to total $45.9B over the three-year fiscal plan.
- This includes investments to complete projects and new investments to expand and sustain provincial infrastructure.
- This is $2.6B higher than *Budget 2024* as more major projects are advanced through procurement and construction.
- These investments will help ensure the necessary infrastructure is in place to deliver and improve services in communities throughout the province.
- Investments will also create jobs to support a sustainable, clean, secure, and fair economy.

KEY FACTS:

- Taxpayer-supported capital spending includes investments in public schools, post-secondary facilities, housing, health-care facilities, bridges, roads, transit, and core government assets.

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TAXPAYER-SUPPORTED CAPITAL SPENDING FORECAST:

($ millions)	Budget Estimate 2025/26	Plan 2026/27	Plan 2027/28	Totals
School Districts	1,508	1,614	1,439	4,561
Post-Secondary Institutions	1,708	1,638	1,402	4,748
Health	5,009	5,293	5,209	15,511
BC Transportation Financing Authority	5,069	5,015	4,479	14,563
BC Transit	289	546	488	1,323
Government Ministries	653	616	658	1,927
Social Housing[1]	888	910	991	2,789
Other[2]	250	122	69	441
Total Capital Spending	**15,374**	**15,754**	**14,735**	**45,863**

1. Includes BC Housing Management Commission
2. Includes BC Pavilion Corporation, Royal BC Museum, and other service delivery agencies

- Taxpayer-supported capital investments will directly and indirectly create approximately 180,000 jobs over three years.
- A discussion of capital investments can be found on page 32 of the Budget and Fiscal Plan.

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- These include:
  - $4.6B in K-12 capital investments to seismically upgrade or replace schools, as well as develop new school space to address enrollment growth.
  - $4.7B in post-secondary capital investments to build capacity and help meet the province's future workforce and economic development needs in key sectors, including health, science, trades, and technology.
  - $15.5B in health capital investments to support major construction projects, upgrading of health facilities, additional long-term care beds and investments to improve access to primary care.
  - Through the BC Transportation Financing Authority and BC Transit, $15.9B in capital investments to create and maintain a safe, reliable, and equitable transportation network.
  - $2.8B in social housing capital investments to provide a mix of shelter space, supportive housing, affordable housing, and market rental housing.
  - $1.9B in capital spending by government ministries. This includes investments in maintaining, upgrading, and expanding infrastructure, such as provincial park amenities, wildfire facilities and equipment, courthouses, correctional centres, office buildings and information systems.

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BACKGROUND:

- Taxpayer-supported capital spending is financed through a combination of sources, which includes:
    - $23.1B over three years in Capital Funding grants (Vote 49) to government organizations including health authorities, school districts, post-secondary institutions, and housing.
    - $12.8B over three years in direct borrowing by the BC Transportation Financing Authority.
    - $1.9B over three years in capital spending by government ministries.
    - $2.2B in anticipated Federal contributions over three years. Additional funding will be provided by other funding partners (i.e. regional hospital districts), partnerships with the private sector (public-private-partnerships), and cash balances within organizations.
- The primary drivers for the $2.6B increase over the fiscal plan period are as follows:
    - For the **K-12 sector**, the **$403M** increase includes:
        - Increased spending to address enrolment growth in fast growing communities; and
        - Increased spending for upgrades, renovations, and maintenance of existing assets.
    - For the **Health sector**, the **$2.5B** increase includes:

    - Increased spending for upgrades, renovations, and maintenance to existing assets; and
    - Progression of major projects through various stages of development
  - For the **Transportation sector**, the **$403M** increase includes:
    - Increased spending for upgrades and maintenance to existing assets; and
    - Progression of major projects through various stages of development
  - For the **Housing sector**, the **$432M** increase includes:
    - Increased spending for upgrades and maintenance to existing assets; and
    - Progression of housing projects through various stages of development
- The above increases are partially offset by $1.3B lower capital investments funded by Post-Secondary Institutions and changes in timing of expenditures for ongoing research program and major projects.

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QUESTIONS AND ANSWERS

ISSUE: *Budget 2025* – Capital Plan

Question: What changed from *Budget 2024?*

Answer:

- Taxpayer-supported capital spending in *Budget 2025* is expected to total $45.9B over the fiscal plan period – approximately $2.6B higher than the *Budget 2024* fiscal plan period.
- The increase in the *Budget 2025* fiscal plan period compared to the *Budget 2024* fiscal plan period is primarily due to progression of major projects through the procurement and construction phases in the K-12, Health, and Transportation sectors; and additional funding for capital maintenance and upgrades of existing government assets.
- The Capital Plan includes projects that are in planning. However, we only disclose new projects to the "Projects Over $50M Table" when Treasury Board has approved the business cases.

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ISSUE: Cost Escalation on Capital Projects

ADVICE AND RECOMMENDED RESPONSE:

- We are continuing to invest in infrastructure projects to provide people with the services they rely on.
- In recent years, capital projects across all sectors have experienced cost increases, with construction costs having increased across the country and throughout North America.
- Construction projects have been affected by labour shortages, material cost inflation, and supply chain disruption, which have contributed to increased project cost.
- Higher interest rates in recent years have also impacted project budgets that carry interest costs.
- Once project budgets are approved by Treasury Board, the budget is publicly disclosed.

CONFIDENTIAL ADVICE TO THE MINISTER OF FINANCE:

- Advice/Recommendations; Cabinet Confidences

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File Name: MO_TBS_10_Cost Escalation on Capital Projects

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QUESTIONS AND ANSWERS

ISSUE: Cost Escalation on Capital Projects

Question: How much of the $45.9B in taxpayer-supported capital spending pertains to cost escalation on capital projects?

Answer:

- The Ministry of Infrastructure was established to bring capital planning, procurement, delivery, oversight and funding for vertical capital projects into a single ministry.
- This new purpose-built ministry will improve coordination and boost efficiency for building of schools, healthcare facilities, post-secondary institutions, student housing and child care spaces to support B.C.'s growing communities.
- With capital from all these sectors under a single ministry to deliver infrastructure investments, there is better coordination to meet the needs of British Columbians.
- We remain committed to delivering the infrastructure that British Columbians rely upon – and that also includes funding to address the impacts of labour and supply shortages in the construction sector.

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- We will continue to be transparent and report any budget increases for major projects as they are approved and as part of our quarterly reporting process.

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ISSUE: Projects in Planning

ADVICE AND RECOMMENDED RESPONSE:

- New capital projects supported to proceed to planning through the budget process are not publicly announced until they receive business plan approval.
- It is premature to announce projects prior to this point, as project details (scope, schedule, budget) are still being developed and Government has not made a formal decision to proceed.
- Treasury Board continues to review business plans when they are ready.

KEY PROJECTS IN PLANNING AT TIME OF BUDGET:

Second Red Fish Healing Centre

- Specific questions regarding this project should be directed to the Minister of Infrastructure.
- We continue to work to expand on the Red Fish healing model.

Advice/Recommendations; Cabinet Confidences

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New Medical School at Simon Fraser University

- Specific questions regarding this project should be directed to the Minister of Post-Secondary Education and Future Skills.

Advice/Recommendations; Cabinet Confidences

Hazel Trembath Elementary

- Specific questions regarding this project should be directed to the Minister of Infrastructure.
- This project remains in planning and will be reported in the Projects Over $50 Million Table when Treasury Board has approved the business case.

Advice/Recommendations; Cabinet Confidences

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Acute Care Tower at Surrey Memorial Hospital

- Specific questions regarding this project should be directed to the Minister of Infrastructure.
- This project remains in planning and will be reported in the Projects Over $50 Million Table when Treasury Board has approved the business case.

Advice/Recommendations; Cabinet Confidences

BACKGROUND:

- Government implements a capital planning process that ensures delivery of capital needs in a manner that considers the highest priorities/areas of need, assesses value and different strategies to achieve intended outcomes, and identifies/mitigates risk.

Broader Capital Planning

- Treasury Board only typically considers new projects as part of the capital planning process, which starts with the ministry's budget submission.

- These decisions consider market trends and constraints (including labour availability and procurement trends), recent ability to deliver projects on time and on schedule, and other factors that may impact the ability for government to deliver on its capital plan. Treasury Board is also made aware of the preliminary projections on how these approvals impact debt and debt servicing obligations.

Project Specific Planning

Advice/Recommendations; Cabinet Confidences

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- Following approval of a concept plan, ministries develop a business case. The business case reflects updated planning to provide Treasury Board a final review of the project scope, timelines, funding sources, and budget. A business case approval is government's formal commitment to the project, which allows the ministry to proceed to final design, procurement and construction. It also requires the reporting of a major project in financial reporting through the Projects Over $50M Table.

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ISSUE: Environmental, Social & Governance Framework for Capital

ADVICE AND RECOMMENDED RESPONSE:

- The Environmental Social & Governance Framework for Capital provides guidance on supporting key priorities in the building of provincial capital projects.
- This allows government to leverage capital investments to achieve benefits for British Columbians beyond just the construction of infrastructure.
- Through the Framework, we are adding child care spaces, promoting mass timber construction, supporting CleanBC goals, and creating opportunities for underrepresented groups and apprentices to gain experience on public projects.

KEY FACTS:

- The framework has contributed to:
  - The creation of more than 3,400 new child care spaces;
  - The use of mass timber on 55 provincial construction projects that are underway;

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- Approximately 220 provincially-owned buildings in planning and construction will achieve reduced building emissions and increased climate resiliency; and
- More opportunities for members of underrepresented groups and apprentices to participate on provincial projects.

BACKGROUND:

- The potential to include **child care** and **mass timber** on provincial buildings is assessed based on each project's characteristics.
- To meet **CleanBC** goals, new buildings are to achieve a minimum 50 percent reduction of greenhouse gas emissions compared to a LEED Gold building using natural gas. Buildings must also include climate resilience measures in project designs.
- **Workforce objectives** can be achieved using the Community Benefits Agreement, a project specific labour agreement, or procurement and contract terms. This supports employment and training opportunities for registered apprentices, locals, and traditionally underrepresented groups in construction, providing fair wages, and creating harassment-free and inclusive work sites.

Advice/Recommendations; Cabinet Confidences

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QUESTIONS AND ANSWERS

ISSUE: Environmental, Social and Governance Framework for Capital

Question: What is the incremental cost to capital projects to implement this framework?

Answer: The framework supports investments that deliver benefits to British Columbians beyond just the construction of infrastructure. The cost of these investments varies from project to project, depending on the project size and which policy priorities are pursued. The framework for capital supports the inclusion of additional benefits where they are well suited for success. Not every policy priority is included in every project. For details on the costs of elements in specific projects, I would direct the member to the minister responsible for that project.

Examples:

- Adding 50 childcare spaces to an elementary school project has a higher proportional impact on the project budget than it does to a major hospital project.

- A bridge or highway project can only pursue workforce objectives, while a building on a post secondary campus may include workforce objectives, childcare, mass timber, and CleanBC goals.

Question: How does government determine which priorities are included in a project?

Answer: The framework supports the inclusion of additional benefits where they are best suited. Not every policy priority is included in every project. At the project planning stage, the framework involves assessing the inclusion of child care and mass timber based on the specific characteristics and requirements of each building. Labour models are compared to evaluate what is suitable for each project. Similarly, there are multiple pathways to meeting CleanBC standards, depending on a building's particular energy needs, seasonal climate, and other attributes.

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ISSUE: Impacts of Tariffs on the Capital Plan

ADVICE AND RECOMMENDED RESPONSE:

- The issue is constantly changing, and our government is working to respond to how to these shifts impact our capital projects.
- We are continuing to invest in infrastructure projects, especially given the threat that United States (U.S.) tariffs have on our economy.
- We will continue to work with owners of public sector capital projects and with the construction industry to monitor any increases to the cost of materials.
- All project budgets have reserves for risks like tariffs.

KEY FACTS:

- On March 4, 2025, the U.S. imposed a 25 percent tariff on Canadian goods imported to the U.S.. This tariff was subsequently delayed/exempted.
- In response, the Government of Canada announced retaliatory tariffs on more than $100 billion of U.S. goods.
- Following the exemption, the Government of Canada proceeded with an initial $30 billion in retaliatory tariffs on U.S. goods.

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- On March 12, the U.S. imposed a 25 per cent tariff on all steel and aluminum imports. Canada responded by imposing $29.8 billion in retaliatory tariffs on the U.S., which included counter-tariffs on aluminum and steel products.
- As of April 15, the following is Treasury Board Staff's understanding of tariffs on Canadian goods following the U.S.'s imposition of tariffs on global trading partners:
    - 25 percent U.S. tariff on non-CUSMA compliant goods (10 percent for potash and energy)
    - 25 percent on steel and aluminum
    - 25 percent on automobiles and auto parts (for the components made in Canada)
- Advice/Recommendations; Cabinet Confidences; Government Financial Information
-

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QUESTIONS AND ANSWERS

ISSUE: Impacts of Tariffs on Capital Projects

Question: How much will the capital plan increase as a result of tariffs and government's purchasing directive?

Answer:

- We remain committed to delivering the infrastructure that British Columbians rely upon, especially given the threat that U.S. tariffs have on our economy.
- We will continue to work with owners of public sector capital projects and with the construction industry to monitor any increases to the cost of materials.
- We will continue to be transparent and report any budget increases for major projects as they are approved and as part of our quarterly reporting process.

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MINISTRY OF FINANCE
TREASURY BOARD STAFF
ISSUE NOTE

FLAG FROM GCPE:
The ***Climate Action Accountability Report***, showing B.C. not on track to meet targets, was released on April 29, 2025. MBB should defer any questions to ECR and Minister Dix.

ISSUE: Carbon Tax Revenue

ADVICE AND RECOMMENDED RESPONSE:

- Following the removal of the federal carbon pricing, BC's carbon tax was removed on April 1, 2025.
- The climate action tax credit, which helped offset the impact of carbon tax on individuals and families, has also been cancelled. Final payments will be issued in April 2025.
- Government is conducting program reviews for efficiency, effectiveness, and sustainability to help minimize and offset the impact on government's fiscal plan, while supporting British Columbians and continuing our fight against climate change.

KEY FACTS:

- Budget 2025 includes carbon tax revenues reflecting annual carbon tax rate increases in alignment with federal carbon pricing requirements that were in effect on budget day of March 4th.
- The carbon tax rate was set to increase from $95 per tonne in 2025/26 to $125 per tonne of CO2 equivalent emissions in 2027/28 prior to the cancellation effective April 1st.

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File Name: MO_TBS_14_Carbon Tax Revenue

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- OBPS continues to apply to large industrial emitters – companies with facilities emitting 10,000 tonnes of carbon dioxide equivalent or more per year and that produce commodities regulated under the *Greenhouse Gas Industrial and Control Act*.
- Budget amounts are included in the following table.

Budget 2025 - Carbon tax revenue ($M)

	2024/25	2025/26	2026/27	2027/28	3-year avg annual growth
Households and other companies not under OBPS	2,359	2,760	3,108	3,368	**12.6%**
Large Emitters under OBPS	199	286	373	431	**29.4%**
Carbon tax revenue	**2,558**	**3,046**	**3,481**	**3,799**	**14.1%**
Total carbon tax revenue - growth	-3.2%	19.1%	14.3%	9.1%	

- The climate action tax credit has also been cancelled for the benefit year starting in July 2025 and all subsequent benefit years.
- Ending the climate action tax credit helps offset some of the fiscal impact of eliminating the carbon tax; however, there is a remaining fiscal gap of about $2 billion in 2025/26. Decisions on how to address this gap are required and analysis of these programs is underway.
- The net fiscal plan impact is presented in the next table.

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	2024/25	2025/26	2026/27	2027/28
"Consumer" Carbon Tax	2,359	2,760	3,108	3,368
OBPS	199	286	373	431
Budget 2025 total Carbon Tax revenue	2,558	3,046	3,481	3,799
Less: CATC		769	1,025	1,025
Net revenue loss before other offsets		**(1,991)**	**(2,083)**	**(2,343)**

BACKGROUND:

- Beginning, April 1, 2018, carbon tax rates increased by $5 per tonne of carbon dioxide equivalent emissions annually (with exception of the delay in 2020) until 2022 when the rate reached $50 per tonne.
- Effective April 1, 2023, British Columbia began to align with the federal carbon pricing requirements reaching $170 per tonne by 2030, with annual increases of $15 per tonne of CO2 equivalent emissions.
- Revenues generated from the rising carbon tax in B.C. were used to:
    - provide carbon tax relief and protect affordability;
    - help maintain industry competitiveness; and
    - encourage new green initiatives through technological improvements or behavioural change.
- To improve affordability, government increased the climate action tax credit, targeted to low to middle income individuals and families since 2018.
- Provincial policy has been for the incremental revenue generated from the tax rate increases under the Federal carbon pricing,

beginning with the annual tax rate increase of $15/tonne effective Apr 1, 2023, to be returned to individuals through the enhancement of the climate action tax credit (CATC).

- Government had deviated from this policy recently in the following ways:
  - the 2024/25 CATC increase was higher than needed to offset the revenue increase that year, essentially 'over-recycling', and
  - for 2025/26, the CATC has not been increased in order to return to a near offset.
- As a result, the 2025/26 Federal carbon pricing revenue cumulative impacts was $665 million and climate action tax credit enhancement was estimated at $670 million, so meeting the offsetting revenue / CATC offset policy objective.
- The schedule of carbon tax rates in effect prior to April 1, 2025 cancellation were as follows:

Carbon tax rates ($ per tonne of Carbon emissions)

Rate	Effective date	Rate	Effective date
$35	April 1, 2018	$95	April 1, 2025
$40	April 1, 2019	$110	April 1, 2026
$40	April 1, 2020	$125	April 1, 2027
$45	April 1, 2021	$140	April 1, 2028
$50	April 1, 2022	$155	April 1, 2029
$65	April 1, 2023	$170	April 1, 2030
$80	April 1, 2024		

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ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Elimination of carbon tax

Question: Why didn't you account for the removal of the carbon tax and climate action tax credit in *Budget 2025*?

Answer: *Budget 2025* reflects the province's fiscal outlook and plan as of March 4, 2025. The decisions to cancel the carbon tax and climate action tax credit were made after the budget was published, as the federal government did not formally announce the end of its carbon pricing requirements until March 14, 2025. Policy changes that are introduced after March 4 will be reflected in our Q1 reporting.

Question: Are you going to cut all tax measures and spending programs that are funded by carbon tax? Or are you going to maintain these measures and inflate the deficit?

Answer: There are decisions to be made on how to address the tax measures and spending programs that were

notionally funded by carbon tax. This work is underway, and we plan to provide more information as part of our Q1 reporting.

Question: How will government address the climate crisis without a carbon tax?

Answer: The Ministry of Energy and Climate Solutions will be conducting a review of our CleanBC plan and will further consider how BC can meet our climate commitments without a carbon tax. Large industrial emitters will be encouraged to innovate under the output-based pricing system.

Question: Will you increase the price paid under the output-based pricing system?

Answer: The removal of the carbon tax does not impact BC's industrial carbon pricing scheme, the output-based pricing system (OBPS). The OBPS incentivizes industry to adopt lower-carbon technologies while maintaining their competitiveness. The Province is scheduled to review the OBPS starting in 2026 to make sure it continues to reduce emissions and support

innovation. Until then, OBPS compliance charge rates will remain as it stands.

Question: What are you going to do for low- and middle-income individuals who are losing CATC?

Answer: The impact on individuals and families depends on their carbon consumption and income. Removing the consumer carbon tax helps with affordability by lowering the cost of fuel and home heating. We will continue to focus on affordability and helping low- and middle-income individuals and families in other areas.

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ISSUE NOTE

ISSUE: Corporate Income Tax Revenue

ADVICE AND RECOMMENDED RESPONSE:

- 2025/26 Corporate Income Tax (CIT) revenue is expected to decline 24.8 per cent, mainly due to a significant one-time gain in settlement payment received in 2024/25 in relation to 2023 taxes, assessed in late 2024.
- An average annual increase of 1.3 per cent is expected over the last two years of the fiscal plan due to annual changes in installments as well as settlement payments relating to prior years.
- The forecast also excludes the federal capital gains inclusion rate tax measure.
- Table 1.5.2 of the Budget 2025 document provides details for the CIT revenue forecast.

Table 1.5.2 Corporate Income Tax Revenue

($ millions)	2024/25	2025/26	2026/27	2027/28	2-year avg annual growth
Advance installments:					
– Payment share	13.10%	12.49%	11.43%	11.33%	
– Installments	7,019	6,476	6,268	6,587	
Prior-years' settlement payment	1,243	(267)	(586)	(211)	
Corporate income tax revenue	**8,262**	**6,209**	**5,682**	**6,376**	**1.3%**
Annual per cent growth	35.8%	-24.8%	-8.5%	12.2%	

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File Name: MO_TBS_15_Corporate Income Tax Revenue

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BACKGROUND:

- CIT revenue is recorded on a cash basis mainly comprised of installments from the federal government and a settlement payment related to prior years.
- Similar to PIT revenue, CRA administers B.C.'s corporate income taxes through the Tax Collection Agreement (TCA).
- Actual assessment results are over a year lagged – i.e. actual results for the 2023 tax year will be finalized in Advice/Recommendations
- The advance instalments and the prior-year settlement payment are determined under the TCA.
- Instalment payments are based on B.C.'s payment share applied to the federal government's forecast of national corporate taxable income.
- The settlement payment settles any differences between advance instalments in the previous year and actual entitlement based on the final tax assessments by CRA.
- The $1.243B increase in settlement payment (2024/25) represents the difference between instalments and entitlement (final tax assessment results) for the 2023 tax year. The increase in prior year settlement payment, reflects stronger assessments of the 2023 corporate income tax results, compared to what was recorded for CIT revenue in 2023/24 Public Accounts.

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ISSUE NOTE

ISSUE: Forest Revenue

ADVICE AND RECOMMENDED RESPONSE:

- When the Forest Revenue Forecast was developed in early January 2025, there was a threat of new tariffs, but no details had been announced. Subsequently, after Budget 2025 was released, broad based tariffs were announced, but on a limited basis for lumber products. To date, these have not been put in place.
- Separately, on April 4th, the US Government announced preliminary increased duty rates for the ongoing Softwood Lumber Dispute. As with the threat of tariffs, these increases were not factored into the Budget 2025 forecast, and will result in lower stumpage revenue and likely reduced harvest volumes. The impacts will be reviewed and revenue forecast updated for the *First Quarterly Report* to be released in September.
- Advice/Recommendations; Cabinet Confidences

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File Name: MO_TBS_16_Forest Revenue

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MINISTRY OF FINANCE
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ISSUE NOTE

BACKGROUND:

Budget 2025 Forest Revenue Forecast

- The Budget 2025 Forest Revenue Forecast does not include increased duties or the impact of potential tariff threats.
- As budgeted, forest revenues are expected to increase 27.5 percent in 2025/26 due to projected higher overall stumpage rates and increased logging tax revenue, partially offset by lower annual harvest volume.
- Forest revenues are projected to increase 1.7 percent over the next two years (more details in Table A5, page 140 of the Budget 2025 document). This is mainly due to higher overall stumpage rates reflecting an improved outlook for lumber prices.
- Average annual lumber prices (spruce-pine-fir 2X4) are projected to increase over the three-year fiscal plan from $412 ($US per thousand board feet) in 2024 to $450 in 2027. Year-to-date prices for SPF 2x4 have fluctuated during the 2025 calendar year from a low of US$445 in January to a high of US$550 in mid-March. As of May 1st, the price was US$460 per thousand board feet.

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- Total annual harvest volume on Crown land is projected to average 30 million cubic metres over the fiscal plan. This amount is lower than the 45 million cubic metres included in the Minister of Forest's mandate letter. Harvest volumes have declined significantly over the past few years due to declines in annual allowable cut associated with pest epidemics, wildfires, species at risk protection and old growth deferrals.
- A summary of underlying Budget 2025 assumptions is provided in the following table.

***Budget 2025* - Forest Revenue ($M) and Assumptions**

	2024/25	2025/26	2026/27	2027/28	3-year avg annual growth
Forest Revenue ($M)	**501**	**639**	**670**	**661**	9.7%
Total stumpage rates[1]	15.03	18.20	19.21	19.54	9.1%
SPF 2X4 lumber price (calendar year)[2]	412	440	445	450	3.0%
Crown harvest volumes[3]	31.0	30.0	30.0	29.0	-2.2%
Exchange Rate (US¢/C$)[4]	73.0	70.0	71.8	74.5	0.7%
Recoveries relating to revenue sharing payments to First Nations	184	122	71	71	-27.2%

[1] $Cdn per cubic metre
[2] Spruce-Pine-Fir - $US per thousand board feet
[3] Millions of cubic metres
[4] Calendar year

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- Over the four years to 2027/28, the forecast assumes payments of $448 million to First Nations in support of stumpage revenue in support of Forest Consultation and Revenue Sharing Agreements.
- Timber tenures stumpage rate calculations are set by the regular market pricing system updates and incorporate 15 years (Interior) to 18 years (Coast) of BCTS auction bid data on timber profile, as well as changing market conditions.
- BCTS stumpage rates have increased significantly from $9.66 per cubic metre in 2009/10 to $62.12 per cubic metre in 2023/24. In 2027/28, the BCTS stumpage rate is forecast to fall to $43.31 per cubic metre from lower bid prices.
- BC Timber Sales auction rates are expected to remain relatively stable over the three-year fiscal plan as demand will remain high due to decreases in timber supply caused by the impacts of pest epidemics, wildfires, habitat protection, and the implementation of the old growth deferral strategy.

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ISSUE NOTE

Increased Duties

- On April 4, 2025, the U.S. Department of Commerce released its preliminary determination for the sixth administrative review (AR6) of countervailing (CVD) duties on certain softwood lumber products from Canada. The preliminary determination does not have any impact on current duties or cash deposit rates. Rates will not change until the U.S. Department of Commerce issues its final determination, expected in August 2025.
- The combined Anti Dumping (AD) and Countervailing Duty (CVD) rates are set to more than double in August 2025. Duty rates are going from 14.40% to 34.45%. With one major licensee going from 16.58% to 46.48%.
- BC uses actual market values when determining stumpage, which are impacted by US trade interventions. Stumpage revenues are estimated to be lower if tariffs and duties are implemented.
- The preliminary determination rates are listed below and can also be found in the ministry website.

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- Ministry of Forests have estimated that the increases duties rates will result a loss of revenue in the range of $50M (partial 2025/26 year) to $100M per year ongoing.

AR6 - Preliminary Results

*Not in effect until AR6 final and may change - for information only

Company	CVD - AR6	AD - AR6	Total - AR6
Canfor	11.87%	34.61%	46.48%
West Fraser	16.57%	9.48%	26.05%
All Others	14.38%	20.07%	34.45%

Softwood Lumber Trade Dispute - Province of British Columbia

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MINISTRY OF FINANCE
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ISSUE NOTE

ISSUE: Natural Gas Royalties Revenue

ADVICE AND RECOMMENDED RESPONSE:

- Natural gas royalties are expected to increase 59.7 per cent in 2025/26 mainly due to a 113 per cent increase in natural gas prices, increased royalties from natural gas liquids, and higher production volumes, partially offset by increased utilization of infrastructure and royalty program credits.
- Natural gas royalties are forecast to increase from $0.9 billion in 2025/26 to $1.1 billion in 2027/28 mainly due to increased royalties from natural gas liquids, higher natural gas prices and production volumes including increased natural gas volumes related to production requirements of liquefied natural gas operations. Over the fiscal plan, liquified natural gas requirements represent approximately 27 per cent of the natural gas production.
- 2025/26 natural gas price forecasts are within the 20th percentile of the private sector forecasts (this means that at least 80 per cent of the private sector forecasters' projections are higher than our estimate for the year). Natural gas price forecasts for the remainder of the fiscal

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plan period are consistent with the average growth of private sector price forecasts.

BACKGROUND:

- Gross royalties from natural gas liquids (NGL) account for between 55 and 69 per cent of total natural gas and NGL gross royalties over the three-year fiscal plan.
- Infrastructure royalty programs include road, pipeline, Clean Growth Infrastructure Royalty Programs and the Clean Infrastructure Royalty Credit Programs. These credits are netted from revenue.
- The Province targeted September 1, 2024 for implementation of a new royalty system. Several technical policies as well as major system upgrades were required. Systems work is very complex and often requires additional time for building, industry testing, and undertaking financial controls. For these reasons, implementation of B.C.'s new royalty system will be January 1, 2027, and the decision was made in August 2024 to extend the transition period with revised regulation changes. This decision was reflected in the First Quarterly Report for 2024/25. These changes will apply to wells spud on or after September 1, 2024. Under the revised transition regulation:
    - oil wells will pay a 5 per cent royalty for all commodities for the first 4,380 production hours (approx. 6 months);

  - gas wells will pay a 5 per cent royalty for all commodities for the first 8,760 production hours (approx. 12 months); and
  - dry gas wells will pay a 5 per cent royalty for all commodities for the first 12,407 production hours (approx. 17 months).
  - At the end of each time period the wells will pay royalties based on prevailing rates.
- Effective September 1, 2022, new wells are not eligible to qualify for the Deep Well Royalty Program, Marginal Well, Ultra-marginal Well, Low Productivity Well Rate Reduction programs and the Clean Growth Infrastructure Royalty programs. Deep well credits are forecast to decrease from $76 million in 2024/25 to $0 million in 2027/28.

***Budget 2025* - Natural Gas Royalties ($M) and Assumptions**

Natural Gas Royalties ($M)	2024/25	2025/26	2026/27	2027/28	3-year avg annual growth
Gross natural gas royalties	182	443	702	485	38.6%
Gross natural gas liquids royalties	644	775	852	1,058	18.0%
Deep well credits	(76)	(74)	(33)	-	
Road and pipeline infrastructure programs/credits	(96)	(124)	(131)	(54)	
Other deductions - mainly gathering and processing allowance	(78)	(100)	(181)	(346)	
Total natural gas royalties	**576**	**920**	**1,209**	**1,143**	25.7%
Natural gas prices[1]	0.61	1.30	1.69	1.75	42.1%
Natural gas volumes[2]	3,035	3,157	3,222	3,372	3.6%

[1] $/gigajoule, plant inlet
[2] petajoules

- Risks associated with natural gas royalty revenue include:
  - Slower than expected economic growth could place downward pressure on demand and prices. Natural gas prices are subject

to weather-related volatility; extreme seasonal weather increases energy demand for winter heating or summer cooling.

- Other factors that may impact natural gas prices in the medium to long term include natural gas production and storage levels in North America, policies that influence fuel choices, technical advancement and/or environmental concerns affecting the pace of shale gas development and the further development of international export markets for liquified natural gas.

MINISTRY OF FINANCE
TREASURY BOARD STAFF
ISSUE NOTE

ISSUE: Personal Income Tax Revenue

ADVICE AND RECOMMENDED RESPONSE:

- Personal income tax is forecast to average 4.7 per cent growth over the next three years, in line with projected increases in household income, wages and salaries, investment income, and financial market indicators.
- For the current fiscal year, the forecast includes a small adjustment related to prior year assessment activities (down $14M) that is not expected to carry forward into out years.
- The forecast excludes the federal capital gains inclusion rate tax measure.

Personal Income Tax Revenue

($ millions)	2024/25	2025/26	2026/27	2027/28	3-year avg annual growth
Base personal income tax revenue	**17,041**	**17,751**	**18,623**	**19,545**	
Prior-Year adjustment	(14)	-	-	-	
Budget 2025 revenue	**17,027**	**17,751**	**18,623**	**19,545**	**4.7%**
Annual growth	3.6%	4.3%	4.9%	5.0%	
Household income growth (calendar year)	6.8%	4.1%	4.0%	4.2%	
Employee compensation income growth (calendar year)	6.7%	4.5%	3.9%	3.7%	

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MINISTRY OF FINANCE
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ISSUE NOTE

BACKGROUND:

- The Canada Revenue Agency administers B.C.'s income taxes and actual assessment results are over a year lagged – i.e. actual results for the 2023 tax year will be finalized in Advice/Recommendations
- This timing lag results in prior year assessments as the tax assessment information is not available when the Public Accounts are closed for the preceding year.
- Final tax assessment results for the 2023 tax year indicate that 2023/24 PIT revenue was overstated by $14 million in the 2023/24 Public Accounts. This amount is very small compared to large prior year assessments amounts recorded in last 5 years.
- Base PIT revenue generally rises a bit faster than household income growth, reflecting the progressivity of the tax system (elasticity effect).

MINISTRY OF FINANCE
TREASURY BOARD STAFF
ISSUE NOTE

ISSUE: Property Transfer Tax Revenue

ADVICE AND RECOMMENDED RESPONSE:

- Property transfer tax (PTT) revenue is projected to grow from $2.0B in 2024/25 to $2.5B by 2027/28.
- Over the three-years of the fiscal plan PTT revenue is expected to increase at an average of 7.5 per cent annually, consistent with the expected annual changes in residential sales values and response to expected lower mortgage rates.

Budget 2025 **- Property Transfer Tax Revenue ($M)**

	2024/25	2025/26	2026/27	2027/28	3-year avg annual growth
Property transfer tax revenue	**2,020**	**2,247**	**2,388**	**2,512**	7.5%
Annual growth	1.4%	11.2%	6.3%	5.2%	
Calendar year	**2024**	**2025**	**2026**	**2027**	
Residential total sales value - levels	73,152	84,783	90,431	95,014	9.1%
Residential total sales value - growth	3.2%	15.9%	6.7%	5.1%	
Fiscalized year	**2024**	**2025**	**2026**	**2027**	
Residential total sales value - levels	77,404	86,121	91,517	96,275	7.5%
Residential total sales value - growth	6.4%	11.3%	6.3%	5.2%	

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File Name: MO_TBS_19_Property Transfer Tax Revenue

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ISSUE NOTE

BACKGROUND:

- PTT revenue is forecast to grow in line with the projection of growth in residential sales values, as shown in Table 3.6.2 on page 94 of the Budget 2025 document.
- Annual growth rates may differ slightly as the forecast for the residential sales value is converted from a calendar-year basis to a fiscal-year basis, and due to lags between the time of the sales activity and when the tax is paid.
- In recent years, the Province has implemented the following tax measures (Budget 2018, 2023 & 2024) in an effort to stabilize the housing market. These include:
    - increase in the additional PTT (foreign buyers tax) from 15 per cent to 20 per cent;
    - expansion of provincial areas where the additional PTT rate is applied;
    - an additional 2 per cent tax rate applied to residential transactions whose fair market value exceeds $3 million;
    - the increase to the school property tax on residential properties whose market value exceeds $3 million may indirectly affect sales in the higher-priced residential market; and
    - expansion of speculation and vacancy tax to additional communities in the province as well as a tax rate increase announced in Budget 2025.

MINISTRY OF FINANCE
TREASURY BOARD STAFF
ISSUE NOTE

ISSUE: Tax Transfers Expenses (Refundable Tax Credits)

ADVICE AND RECOMMENDED RESPONSE:

- The total tax transfer expenses increase 11 per cent in 2025/26 mainly due to the lower 2024/25 forecast, which includes prior year savings from reduced take up of final 2023 tax credits. The forecast also includes a one-time BC family benefit affordability measure announced in Budget 2024.
- Total tax transfers expenses rise from $3.4B in 2025/26 to $3.8B in 2027/28 mainly due to expected higher take up of renters, film and TV production (both domestic & foreign), interactive digital media, and Scientific Research and Experimental Development (SRED) tax credits.
- Included in the forecast are Budget 2025 tax measures relating to small business venture capital, Film & TV, production services and digital interactive media tax credits. The forecast also incorporates updated information for relatively new renters and clean building tax credits.

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MINISTRY OF FINANCE
TREASURY BOARD STAFF
ISSUE NOTE

Budget 2025 - Tax Transfers

Personal tax transfers ($M)	**2024/25 ***	**2025/26**	**2026/27**	**2027/28**
Climate Action				
Climate Action - On going	330	355	355	355
Climate Action - Carbon Federal pricing	665	670	670	670
BC Family Benefit	516	520	520	520
One time affordability measure - BC Family Benefit	186	62		
Renters	91	206	208	210
Equity Venture Capital	11	45	45	45
Capital gains refunds	48	120	120	120
Other personal tax transfers	44	59	59	59
Total Personal tax transfers	**1,891**	**2,037**	**1,977**	**1,979**
Personal tax transfers annual growth	19.8%	7.7%	-2.9%	0.1%
Corporate tax transfers ($M)				
Film and TV Production - domestic	138	163	178	201
Production services - foreign	814	862	982	1,189
Interactive digital media	126	141	151	180
Scientific Research and Experimental Development (SRED)	118	121	126	131
Mining Exploration	48	60	60	60
Other corporate tax transfers	(66)	24	24	24
Total Corporate tax transfers	**1,178**	**1,371**	**1,521**	**1,785**
Corporate tax transfers annual growth	-9.8%	16.4%	10.9%	17.4%
Total tax transfers	**3,069**	**3,408**	**3,498**	**3,764**
Total annual growth	**6.4%**	**11.0%**	**2.6%**	**7.6%**

* 2024/25 forecast also incorporates adjustments relating to prior years.

BACKGROUND:

- Tax transfer expenses are refundable tax credits under the Income Tax Act.
- The Tax Transfer Vote is included under Vote 52 - Other Appropriations of the Estimates. Any expenses above the voted appropriation are statutory under the Income Tax Act.

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ISSUE NOTE

- Since the Canada Revenue Agency administers B.C.'s income taxes, actual results for the 2023 tax year were finalized in Advice/Recommendations Advice/Recommendations. The final assessment information did not result in any changes for tax transfers.

MINISTRY OF JOBS, ECONOMIC DEVELOPMENT AND INNOVATION
SMALL BUSINESS AND ECONOMIC DEVELOPMENT
ISSUE NOTE

ISSUE: Parliamentary Secretary of Rural Development

The Parliamentary Secretary's role in government initiatives consider and deliver economic growth and benefits for communities.

ADVICE AND RECOMMENDED RESPONSE:

- Rural areas are vital contributors to the province's economy, providing essential resources such as natural resources, renewable energy, and tourism opportunities.
- Recognizing their contributions ensures that policies support and sustain these communities, fostering investment and economic growth.
- The Parliamentary Secretary of Rural Development is responsible for ensuring that government initiatives consider and deliver economic growth and benefits for rural communities.
- By actively engaging with leaders from rural and remote areas, the Parliamentary Secretary can discuss priorities, address issues proactively, and ensure that feedback from these communities informs government decisions.

- The Parliamentary Secretary's rural background enables him to deeply understand and advocate for the interests of rural communities. A few areas of focus include:
- Ensuring government programs reflect the interests of rural businesses.
- Working with stakeholders to identify how government can support rural economic development proposals.
- Supporting the promotion and design of government initiatives to better meet the needs of rural communities.
- Incorporating a rural lens directly into our ministry is essential for creating balanced, inclusive, and sustainable approaches that support the overall growth and prosperity of the province.

If asked about rural supports.

- The Parliamentary Secretary is working closely with the rural development staff at the Ministry of Jobs, Economic Development and Innovation to promote:
- Funding programs such as the Rural Economic Diversification and Infrastructure Program (REDIP) that support economic capacity, diversification, and infrastructure projects in rural BC.

- On-the-ground regional staff that deliver direct services and support for local economic development, business development, and recovery after economic disruption (e.g. mill closure).

KEY FACTS:

- Rural communities are vital to the province's economy and well-being.
- By integrating rural considerations across government, unique factors that impact rural areas are reflected in provincial policies and decisions, rendering better outcomes for rural areas.
- The key responsibilities of the Parliamentary Secretary include:
  - Advocating for a rural lens in policy and program development, promoting cross-ministry collaboration.
  - Removing barriers that limit rural participation in the economy.
  - Promoting economic planning and diversification and the value of disaster planning to communities.
  - Increasing awareness and access to government programs and services.
- JEDI assists the Parliamentary Secretary to engage with partners and stakeholders, including rural First Nations and communities through:

- Leading the development and implementation of a Rural Consideration Framework to ensure rural needs are included in new government policies, programs, and processes.
- Identifying and addressing rural impacts, gaps, and design challenges in current government initiatives.
- Supporting decision-making with relevant data and evaluation processes to contribute to more equitable services and resources to rural areas.

MINISTRY OF FINANCE
BRITISH COLUMBIA ASSESSMENT AUTHORITY
OVERVIEW

NAME: British Columbia Assessment Authority Overview

BACKGROUND:

- The BC Assessment Authority is a service delivery Crown corporation responsible for establishing and maintaining uniform real property assessments throughout British Columbia in accordance with the *Assessment Act*.
- **Statutory Authority:** *Assessment Authority Act*

  The *Assessment Authority Act* establishes BC Assessment as an independent body, independent of property taxation or provincial and municipal political influence. In addition, this Act sets out the corporation's mandate to establish and maintain assessments that are uniform in the whole of the province in accordance with the *Assessment Act*. The Act also establishes the powers and duties of the Board of Directors, and the corporation's financing.
- **Governing Legislation:** *Assessment Act*

  The *Assessment Act* establishes a uniform, stable and equitable annual assessment roll as the primary requirement and product deliverable of the corporation, as well as the valuation and classification rules used to establish it. All properties must be assessed in accordance with the rules and regulations set out under this Act. This Act also allows for the establishment of the property assessment appeal process.
- **Appointment Process:** Order in Council

- **Website:** www.bcassessment.ca

CROWN OVERVIEW

- BC Assessment determines the correct classification, actual value, and tax exemption status of over 2 million properties across the province, with a total value of more than $2.83 trillion.
- BC Assessment provides local and provincial taxing authorities with an assessment roll, which lists all properties, names of the owners and the taxable values of the land, as well as any improvements.
- BC Assessment sends an annual assessment notice to each person named in the assessment roll. Notices are distributed on December 31 of each year, and most assessments reflect market value estimated as of July 1 of the previous year.

Funding Source: Levy Tax

- BC Assessment's primary source of funding is an independent, province-wide tax levy, representing approximately 95 per cent of the corporation's funding.
- Each year, the Lieutenant Governor in Council must approve the levy bylaw before final adoption by BC Assessment's Board of Directors.
- For fiscal year 2024/25, the levy increase of $3.9M was approved by Treasury Board and approved by Cabinet. The main cost driver for the levy increase is the cumulative wage increases resulting from the

settlement of BC Assessment's three-year collective agreement with CUPE on October 21, 2022, and other operating pressures.

- For fiscal year 2025/26, BC Assessment's tax levy approval will not be known until early April 2025.

2023/24 – 2024/25 Highlights/Key Initiatives:

- Continued to work with the Ministry of Finance and Ministry of Forests to address stakeholder concerns on privately managed forest land.
- Worked with the Ministry of Finance to implement a measure from Budget 2024, pertaining to residential leaseholders (lease registered at Land Title and Survey Authority), being identified as responsible for speculation and vacancy tax.
- Working with the Ministry of Finance to enhance assessment data to support new property tax initiatives, and assess performance of existing programs and auditing functions.

2025/26 – 2027/28 Service Plan:

- BC Assessment's 2025/26 – 2027/28 Service Plan aligns with the government's key priorities and foundational principles.
- BC Assessment remains focused on delivering its assessment mandate while maintaining valued relationships and providing

reliable service delivery to the province, local governments, Indigenous communities, and property owner customer groups.

- The next three years will see continued support for provincial government priorities and policy development by BC Assessment's expertise, data, and property information.
- The 2025/26 – 2027/28 BC Assessment Service Plan contains three primary goals:
    1. Produce high-quality and accurate assessments.
        - Produce accurate and uniform assessments; and
        - Deliver reliable and accepted assessment rolls.
    2. Trusted and valued by customers and partners:
        - Ensure positive customer and partner interactions; and,
        - Improve access to assessment information with enhanced digital capabilities.
    3. Meaningful Partnerships and Reconciliation with Indigenous Nations:
        - Supporting Indigenous Nations' ability to establish and sustain self-taxation on reserve lands.
- The 2025/26 – 2027/28 BC Assessment Service Plan is prepared under the Board of Director's direction in accordance with the *Budget Transparency and Accountability Act*. It is consistent with the government's strategic priorities and fiscal plan.

MINISTRY OF FINANCE
BRITISH COLUMBIA ASSESSMENT AUTHORITY
OVERVIEW

Board Appointees:

- Under the *Assessment Authority Act*, the Board is comprised of up to 12 directors appointed by the Lieutenant Governor in Council via an OIC, one of whom is appointed Chair of the Board.
- There are currently no vacancies on the Board. The next appointments set to expire will be in June 2025.

Name	Position	Date of Appointment	Term Expiry
Kathleen (Ruth) Wittenberg	Chair	09-Dec-19	26-Sep-25
Richard Rainey	Director	01-Dec-17	15-Jun-25
Gina Pala	Director	8-Dec-23	15-Feb-26
Susan Gimse	Director	01-Dec-17	15-Jun-25
Nicole Halbauer	Director	21-Feb-18	15-Jun-25
Emily Lewis	Director	15-Feb-24	15-Feb-26
Karen Hoffmann	Director	09-Dec-19	15-Feb-26
Adam Whitcombe	Director	15-Feb-24	15-Feb-26
Jeremy Trigg	Director	15-Feb-24	15-Feb-26
Victoria Chan	Director	15-Feb-23	15-Feb-27
John D. Crawford	Director	15-Feb-23	15-Feb-27
Robert K. Lapham	Director	15-Feb-23	15-Feb-27

MINISTRY OF FINANCE
BRITISH COLUMBIA ASSESSMENT AUTHORITY
OVERVIEW

BUDGET ($ MILLIONS):

	2023/24 Actuals	2024/25 Restated Budget[2]	2024/25 Forecast[3]	2025/26 Estimates[4]	2026/27 Plan[4]	2027/28 Plan[4]
Salaries and Benefits	82.695	81.592	86.800	84.923	84.019	84.017
Operating Costs	33.514	36.940	33.585	35.579	37.203	38.058
Government Transfers[1]						
Other Expenses	7.512	7.649	7.200	8.136	9.166	10.213
Internal Recoveries						
External Recoveries						
Total Operating Expenses	**123.721**	**126.181**	**127.585**	**128.638**	**130.388**	**132.288**
Totals	**123.721**	**126.181**	**127.585**	**128.638**	**130.388**	**132.288**

1. Additional information about government transfer, if applicable.
2. Figures reflect the provincially approved 2024/25 tax levy increase of 3.4% ($3.9M in revenues).
3. Figures reflect a $0.5M deficit for 2024/25, which is within the limit approved by Treasury Board.
4. Estimates for tax levy rate increases have not been included in the 2025/26 – 2027/28 figures, pending Ministry of Finance and provincial Cabinet approval.

MINISTRY OF FINANCE
BRITISH COLUMBIA ASSESSMENT AUTHORITY
FACT SHEET

NAME: 2025 Assessment Roll Highlights

2025 ASSESSMENT ROLL HIGHLIGHTS:

- The purpose of the assessment roll is to provide a stable base for local governments and taxing authorities in British Columbia to equitably distribute over $10.8B in property taxes for schools and important local services.
- The 2025 assessment roll represents over 2.2M properties (1 per cent increase from 2024) with a total real estate value of $2.83T (1.5 per cent increase from 2024).
- In 2024, the real estate market in the province continued to see stabilization in values. This was reflected on the 2025 assessment notices issued by BC Assessment.
- Single family residential and condominium properties typically saw an increase of -5 to +5 per cent in their assessed values for the 2025 tax year, compared to 2024.
- Commercial and industrial properties are generally increasing in value at a higher rate than residential, however there may be some variation regionally.

RELATIONSHIP OF 2025 ASSESSMENTS TO MARKET VALUE:

- The *Assessment Act* requires BC Assessment to produce annual property assessments at market value, which is widely considered

to be the fairest system and base for distributing the property tax burden.

- The market value is determined from actual sales of comparable properties in the localized real estate market.
- The number of properties listed for sale, buyer demand, and the condition of the properties have the greatest influence on sales and therefore influences the market and assessed values.
- Property owners received their 2025 assessments notices in early January; however, the assessed value is based on the market value as of July 1, 2024.

RELATIONSHIP OF ASSESSMENT TO PROPERTY TAXES:

- We understand that some property owners may be concerned that increased assessments for 2025 could result in property tax increases.
- It is important to note that an increase in one's property assessment does not necessarily result in a corresponding increase in property taxes.
- The assessed values are used as the base to distribute the property tax among all properties in a taxing authority, not to decide the total amount of tax to be collected.
- Property tax rates are set by taxing authorities, such as municipalities, based on budgeted funding requirements for the provision of services.

- In rural areas, where the province is the tax collector, the provincial government, in recent years, has set the rural general tax rate for residential class properties. This is done so that the tax paid on the average home increases only by the rate of inflation as measured by the consumer price index, even though average property assessed values may increase more than inflation.
- Taxes on an individual property will change more or less than the rate of inflation, depending on how the value of that property changed in comparison to other properties.

2025 INQUIRY AND COMPLAINT:

- BC Assessment distributed Property Assessment Notices to property owners in early January 2025.
- For the 2025 assessment roll, 99 per cent of the assessments were accepted without filing an appeal.
- Any person who is not satisfied with the assessment of a property is encouraged to make an inquiry with BC Assessment. Many inquiries are resolved through discussions with BC Assessment staff.
- If, after the inquiry, issues are not resolved, property owners have the option of filing an assessment complaint with the assessor by January 31, 2025, to the Property Assessment Review Panel (PARP). Hearings begin in early February and all hearings and decisions must be completed on or before March 15 of each year.

MINISTRY OF FINANCE
BRITISH COLUMBIA ASSESSMENT AUTHORITY
FACT SHEET

- Property assessment complaints (appeals) in 2025 are approximately 24.2 per cent lower than the 5-year average between 2020 and 2024 and 12.6 per cent lower than the number of complaints in 2024.
- In 2025, the preliminary number of assessment complaints totaled 19,925, down from 22,798 complaints in 2024. Property assessment complaints for 2025 represented approximately 0.9 per cent of the total number of properties in B.C.
- Residential (Class 1) properties have the highest volume of complaints for 2025, in any single property class, representing over 9,546 complaints. This is down from the 5-year average of 15,308. Non-residential properties, such as Business and Other (Class 6), Industrial (Class 5) and Farm (Class 9), altogether represented 9,614 property assessment complaints in 2025.
- Note that appeals/complaints fluctuate annually and are usually dependent on market conditions (e.g., an active or volatile market usually results in more inquiries/complaints).

MINISTRY OF FINANCE
BRITISH COLUMBIA ASSESSMENT AUTHORITY
FACT SHEET

DATA TABLE:

Data in Millions of $	2023/24 Actuals	2024/25 Restated Budget[2]	2024/25 Forecast[3]	2025/26 Estimates[4]	2026/27 Plan[4]	2027/28 Plan[4]
Government Transfers[1]						
Salaries and Benefits	$82,695	$81,592	$86,800	$84,923	$84,019	$84,017
Operating Costs	$33,514	$36,940	$33,585	$35,597	$37,203	$38,058
Other Expenses	$7,512	$7,649	$7,200	$8,136	$9,166	$10,213
Internal Recoveries						
External Recoveries						
Total Operating Expenses	**$123,721**	**$126,181**	**$127,585**	**$128,638**	**$130,388**	**$132,288**

1. Additional information about government transfer.
2. Figures reflect the provincially approved 2024/25 tax levy increase of 3.4% ($3.9M in revenues).
3. Figures reflect a $0.5M deficit for 2024/25, which is within the limit approved by Treasury Board.
4. Estimates for tax levy rate increases have not been included in the 2025/26 – 2027/28 figures, pending Ministry of Finance and provincial Cabinet approval.

MINISTRY OF FINANCE
BC FINANCIAL SERVICES AUTHORITY
OVERVIEW

NAME: BC Financial Services Authority Overview

BACKGROUND:

- BC Financial Services Authority ("BCFSA") is the regulator for most of the provincial financial services sector.
- BCFSA fosters confidence in B.C.'s financial services sector by promoting safety and soundness of financial institutions and protecting consumers through safeguards and transparency.
- BCFSA is headquartered in Vancouver and currently has approximately 429 positions.[1]

CROWN OVERVIEW

- As an industry-funded Crown agency, BCFSA oversees
    - 29 credit unions;
    - 10 B.C. incorporated and 44 extra-provincial trust companies;
    - 7 B.C. incorporated and 189 extra-provincial insurance companies;
    - 613 pension plans;
    - 5,812 mortgage brokers and;
    - 29,350 real estate professionals.

[1] As of February 1, 2025, BCFSA had 429 positions, including contract term employees, vacancies and employees on leave.

MINISTRY OF FINANCE
BC FINANCIAL SERVICES AUTHORITY
OVERVIEW

- BCFSA also oversees real estate development marketing in the province and administers the Credit Union Deposit Insurance Corporation of British Columbia.
- BCFSA is supporting provincial officials in developing the *Mortgage Services Act* Regulation and Rules and the *Money Services Businesses Act* Regulation, advancing key government priorities and expanding its oversight to money services businesses in B.C.

BUDGET:

[$000s]	2023/24 Actuals	2024/25 Forecast	2025/26 Estimates	2026/27 Plan	2027/28 Plan
Salaries and Benefits	$47,211	$54,092	$58,296	$60,045	$58,639
Operating Costs	$22,422	$27,020	$28,120	$29,255	$26,320
Government Transfers	-	-	-	-	-
Other Expenses	-	-	-	-	-
Total Operating Expenses	**$69,633**	**$81,112**	**$86,416**	**$89,300**	**$84,959**
Internal Recoveries	-	-	-	-	-
External Recoveries	$(69,726)	$(76,807)	$(80,416)	$(83,300)	$(84,959)
Totals	**$(93)**	**$4,305**	**$6,000**	**$6,000**	**-**

MINISTRY OF FINANCE
BC FINANCIAL SERVICES AUTHORITY
ISSUE NOTE

ISSUE: BC Credit Union Industry Trends and Oversight

ADVICE AND RECOMMENDED RESPONSE:

- B.C. credit unions provide vital financial services, especially in rural communities where they are often the only financial institution with a physical branch. Advice/Recommendations

Advice/Recommendations

- Advice/Recommendations

Advice/Recommendations

To this end, a number of credit unions have sought to achieve scale and to reduce operating costs through mergers. The result has been a consolidation in the credit union industry to achieve scale, Advice/Recommendations .

- In its regulatory role, BC Financial Services Authority (BCFSA) actively engages with credit unions to discuss emerging challenges and to facilitate forward-looking conversations focused on ensuring a vibrant and inclusive system that maintains widespread public confidence.

- These are important conversations that strengthen the sector as a whole while preserving the distinct role credit unions play in serving communities across B.C.

KEY FACTS:

- Since 1992, the number of BC authorized credit unions has decreased from 107 to 29 as of January 1, 2025. During that time, total system assets increased from $12.7B to $79.9B and total membership increased from $1.14M to $1.5M. These figures do not include the two Central Credit Unions: Stabilization Central and Central 1.
- Over the past three years, there have been several amalgamations and asset transfers:
    - 2025 – Beem & BlueShore;
    - 2024 – Gulf and Fraser & Interior Savings;
    - 2022 – Gulf and Fraser & Grand Forks;
    - 2022 – East Kootenay Community & Heritage and;
    - 2022 – Community Savings & CCEC
- Additional amalgamations or asset transfer agreements are expected in fiscal 2025/26.
- Advice/Recommendations

Advice/Recommendations

. Additionally, the BC credit union system experienced a year-over-year decline in retained earnings, primarily due to losses from net interest margin compression and rising operating expenses.

- (For more details on key metric changes, refer to Table 1 below.)

Table 1: Summary of Industry Results as of December 31, 2024

	Sector	Min	Median	Max

Advice/Recommendations

Source: Credit Union Regulatory Filings

BACKGROUND:

- BCFSA is the province's regulator for most of the provincial financial services sector and oversees provincially regulated credit unions operating in the province.
- BCFSA focuses on the stability of credit unions in B.C. and works closely with them to ensure adequate measures are in place to protect their members.

- BCFSA continually monitors BC credit unions to ensure sector safety and soundness. BCFSA regulates with both a prudential and market conduct focus to ensure BC credit unions treat members fairly and are resilient, agile, and prepared to meet shifting risk drivers. Ongoing monitoring of liquidity and capital is completed as part of this process.
- BCFSA considers the unique operations and risk profile of each credit union as well as the credit union's internal assessment when determining an adequate level of capital to maintain the safety and soundness of BC credit unions.

Industry Consolidation

- Consolidation (credit union amalgamation and asset transfer) is occurring in the credit union industry, both in B.C. and across other Canadian provinces, due to economic, social and technological drivers.
- While consolidation increases the concentration of assets and deposits in the industry, it can also support broader operational resilience and the development of sustainable business models.
- As a response to key economic, social and technological drivers, two larger BC credit unions have pursued federal continuance. Coast Capital Savings became a federally regulated credit union in 2018. First West Credit Union ("FWCU") obtained a favorable member vote in November 2021 to apply to BCFSA, Credit Union Deposit Insurance Corporation (CUDIC), and the federal Office of the

Superintendent of Financial Institutions ("OSFI") to become a federally regulated credit union. The application by FWCU remains under review by OSFI.

Overview of CUDIC and the CUDIC Fund

- The CUDIC Deposit Insurance Fund ("Fund") acts as a safeguard in the unlikely event of a credit union failure.
- CUDIC guarantees the eligible deposits of credit union members and provides financial assistance to distressed credit unions. BCFSA collects premiums from credit unions for insurance of their members' deposits. These premiums maintain and grow the CUDIC Fund.
- In 2023, BCFSA implemented the Differential Premium System ("DPS") as part of its annual CUDIC Fund premium assessment program. DPS is the new risk-based methodology that differentiates premiums paid by credit unions taking on more risk.
- CUDIC regularly conducts a comprehensive fund size review to ensure the fund size is appropriate given the value of insured deposits, industry composition, and risks.
- Advice/Recommendations

- The Provincial Government established unlimited deposit insurance protection for eligible deposits in BC credit unions in 2008.

MINISTRY OF FINANCE
BC FINANCIAL SERVICES AUTHORITY
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Credit union industry trends

Question: Is the Minister concerned about the future viability of BC's credit union industry?

Answer:

- British Columbian's credit union system is well-regulated and has demonstrated resilience for over 35, with a strong track record of stability.
- Credit unions offer important financial services across the province, and BCFSA is committed to an oversight structure that balances competitiveness with financial stability.
- Despite a challenging operating and risk environment, credit unions are taking steps to increase their competitiveness and engaging in dialogue on ways to strengthen competitiveness while preserving cooperative values.
- This dialogue is focused on innovation, financial inclusion, and economic growth, ensuring credit unions remain a pillar of BC's economy for generations to come.

MINISTRY OF FINANCE
BC FINANCIAL SERVICES AUTHORITY
ISSUE NOTE

Question: Is the Minister confident in existing industry safeguards to pay out depositors in the event of a credit union failure?

Answer:

- BCFSA and CUDIC have a well-established process for managing the recovery or, if necessary, the resolution of a distressed credit union, ensuring stability and continuity.
- BCFSA uses a risk-based supervisory framework to identify imprudent or unsafe business practices at credit unions and intervenes on a timely basis, as required.
- The CUDIC Fund acts as a safeguard in the unlikely event of a credit union failure through a potential deposit payout.
- CUDIC regularly conducts a comprehensive fund size review to ensure the fund size is appropriate given the value of insured deposits, industry composition and risks.
- CUDIC is well positioned to protect depositors in the event of a credit union failure, with the necessary resources and processes in place.

MINISTRY OF FINANCE
BC FINANCIAL SERVICES AUTHORITY
ISSUE NOTE

ISSUE: Interior Lumbermen's Pension Plan

ADVICE AND RECOMMENDED RESPONSE:

- The defined benefit component of the Interior Lumbermen's Pension Plan ("Plan") has faced significant funding challenges since 2008 due to historically low interest rates and decreasing Plan contributions.
- BC Financial Services Authority ("BCFSA") has been working with the Plan's Board of Trustees ("Trustees") to address the challenges to the Plan's long-term sustainability.
- In 2021, the Trustees decided to start the legislative wind-up process to collect funding deficits from inactive employers. These efforts have resulted in extra payments to the Plan, as every employer is legislatively required to fund defined benefits promised to its own employees, unless it is insolvent and unable to meet its obligations.
- While the Plan's solvency ratio increased by 3% to 78% as of the end of 2023, the cost of the total contributions borne by active employers is too high for many. As a result, employers continue to leave the Plan, which places increased pressure on the remaining active employers.

- On January 22, 2025, the Trustees filed notice of the decision to wind up the Plan's defined benefit component, effective April 30, 2025.
- BCFSA will continue to work with and support the Trustees through the wind-up process.

KEY FACTS:

- The Plan was established in 1978 to provide pension benefits to non-union forestry sector employees in the Southern Interior.
- The Plan is a non-collectively bargained multi-employer plan that has a defined benefit component for benefits earned before 2017 and a target benefit component for benefits earned after 2016.

Pension Benefits Standards Act

- The *Pension Benefits Standards Act ("PBSA")* sets minimum standards for B.C.-registered pension plans to protect the interests of members and the financial health of plans, including standards for disclosure to members and for plan funding and governance.
- Defined benefits that have been earned through employment are protected through a prohibition on reducing those benefits.
- Employers who provide defined benefits to their employees must fully fund them within five years after termination unless the employer is insolvent.

- Pensions are not guaranteed by the PBSA.

Role of the Trustees

- The Trustees are the legal administrator of the Plan, with the fiduciary duty to administer the Plan in the best interests of members in accordance with the PBSA.
- The Trustees are responsible for ensuring the Plan is meeting its funding requirements under the PBSA by monitoring contribution sufficiency and holding each employer accountable for funding.

Role of BCFSA

- BCFSA is responsible for administering and enforcing the PBSA.
- BCFSA's regulatory objective is to ensure that B.C. pension plans comply with the PBSA and meet the minimum standards to protect the interests of members.
- BCFSA is committed to supporting pension plans in the province that may have funding challenges with a focus on their long-term sustainability, but it is the responsibility of the administrator and/or trustees to manage the plan in the best interests of its members.
- When BCFSA identifies challenges with a pension plan, BCFSA proactively works with the plan's administrator and/or trustees to address these challenges.

- BCFSA does not have oversight over when employers join or leave a multi-employer plan, or when active employers stop making contributions and become inactive.

Interior Logging Association

- Since late 2022, the Interior Logging Association has reached out to the Ministry of Forests, Ministry of Finance, and some MLAs with concerns about the Plan's collection of funding deficits owed by logging contractors who were formerly active employers in the Plan.
- The Association has raised concerns that forcing some contractors to pay the legislatively required funding could force them into financial ruin, as some ceased operations years ago.
- The Association has been seeking legislative relief for these inactive employers but is not a party to the Plan.

BACKGROUND:

- The defined benefit component of the Plan has faced funding challenges for many years as a result of:
    - historically low interest rates from 2008 to 2020;
    - a reduction in Plan contributions due to a reduction in hours worked in the forestry sector and;
    - the inactive employer issue.
- An inactive employer no longer has any employees who are active members earning benefits through hours worked.

- The inactive employer issue arises from active employers having to pay higher contributions to cover the solvency deficit relating to benefits for inactive members employed by inactive employers.
- Since 2016, several requests by the Trustees for funding relief within the constraints of the PBSA have been granted.

CURRENT STATUS:

- The Plan must file its termination report for the defined benefit component by the end of August, providing an updated solvency ratio, followed by the collection process to demand payment of solvency deficits from employers.
- The Trustees continue the process of demanding and collecting payments from inactive employers, including through litigation, as members remain at risk of having their benefits reduced if the Trustees do not demand and receive payment.
- The only legislative exception to the payment requirement is insolvency. BCFSA encourages employers to work with the Trustees to help them make that determination.

MINISTRY OF FINANCE
BC FINANCIAL SERVICES AUTHORITY
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Interior Lumbermen's Pension Plan

Question: What happens to member benefits if solvency deficit payments cannot be collected from employers?

Answer: The Plan must demand and collect payment of solvency deficits from employers, including inactive employers. This may include litigation. The only exception is where the employer is insolvent.

If solvency deficit payments cannot be collected from an employer, members are at risk of having their benefits reduced.

Members are only affected by funding gaps related to their own employer.

MINISTRY OF FINANCE
BC FINANCIAL SERVICES AUTHORITY
ISSUE NOTE

Question: Would members whose employers made required solvency deficit payments be impacted by a shortfall from those who did not?

Answer: No. Each member's pension depends on their employer's ability to cover any shortfall in the pension fund. Members are only affected by funding gaps related to their own employer.

Question: Why are employers responsible for pension plan's "losses"?

Answer:

Investment losses did not cause the Plan's solvency deficit. It resulted from low interest rates between 2008 and 2020, the decline in the forestry sector and the inactive employer issue.

The lower the interest rates, the higher the cost of benefits that employers must fund in defined benefit plans.

MINISTRY OF FINANCE
BC FINANCIAL SERVICES AUTHORITY
ISSUE NOTE

Question: Why can't the Ministry use the "legislative relief" requested by the Association to fix the inactive employer problem, by changing employees' benefits from defined benefit to target benefit so that employers are not responsible for topping up any deficit?

Answer:

In late 2022, the Association asked the Ministry for "legislative relief" that would eliminate the inactive employers' financial liability to the Plan by allowing the Plan to be registered as a target benefit plan retroactive to 1978, the Plan's inception.

This request was rejected, as doing so would contravene the PBSA's prohibition against reducing defined benefits that have been earned through employment. It would also breach the terms of the Plan, including its trust agreement.

If the inactive employers do not make the required contributions to fund their former employees' benefits, benefits to members may be significantly reduced.

MINISTRY OF FINANCE
BC FINANCIAL SERVICES AUTHORITY
ISSUE NOTE

Question: Is a pension plan allowed to collect money from someone who used to be an employer in the plan?

Answer:

Yes. The fact that an employer stopped actively participating in a pension plan does not absolve them from their legislated funding obligations unless the employer is insolvent.

The Trustees' actions to collect payments from inactive employers to fund the deficit is consistent with the PBSA, the Plan text and the Plan's trust agreement.

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
OVERVIEW

NAME: BC Securities Commission Overview

BACKGROUND:

- The BC Securities Commission (BCSC) is the independent regulatory authority that is responsible for the administration of the *Securities Act*. The *Securities Act* regulates capital markets in B.C.
- BCSC's mission is to protect and promote the public interest by fostering:
    - capital markets that are fair and warrant public confidence; and
    - a dynamic and competitive securities industry that provides investment opportunities and access to capital.
- Key priorities that form part of BCSC's mandate include protecting investors, taking decisive enforcement action against persons who violate the *Securities Act*, and coordinating regulatory actions with other securities regulators.

CROWN OVERVIEW:

- BCSC is a Crown corporation accountable to the provincial legislature and the public through the Minister of Finance. BCSC's operations are funded through fees paid by market participants under the *Securities Act*.
- BCSC has up to 11 commissioners (there are currently 10) appointed by the Lieutenant Governor in Council. The public interest is the

guiding principle governing the commissioners' decisions and they perform four functions:

  - serve as BCSC's board of directors;
  - make rules and issue guidance to regulate the British Columbia securities industry;
  - oversee self-regulatory organizations (e.g., Canadian Investment Regulatory Organization), exchanges, and other marketplaces; and,
  - act as an administrative tribunal to adjudicate enforcement cases and make regulatory decisions.

- Ms. Brenda Leong was appointed Chair and CEO of BCSC in 2012.
- Mr. Peter Brady is the executive director and chief administrative officer of BCSC and is responsible for the day-to-day administration of the *Securities Act*. The executive director is also a member of the Canadian Securities Administrators, an umbrella organization comprised of all Canadian securities regulators.
- The Canadian Securities Administrators' objective is to improve, coordinate, and harmonize regulation of the Canadian capital markets. It frequently identifies new regulatory projects to improve the harmonization of securities laws across Canadian jurisdictions.
- The *Securities Act* grants BCSC the power to make rules (which are treated as regulations under the Act) relating to certain aspects of the securities regulatory framework. Ministerial approval of

proposed BCSC rules within legislated timelines is part of the rule-making process:

  - 30 days for approvals in principle and;
  - 60 days for final rule approvals.

- If no ministerial decision is received by BCSC within the legislated period for a final rule approval, BCSC is deemed to have received approval from the Minister of Finance.

BUDGET:

[$000s]	2024/25 Forecast	2025/26 Budget	2026/27 Plan	2027/28 Plan
Revenue				
Local fees				
Prospectus and other distributions	$39.7	$40.5	$41.3	$42.1
Registration	$20.2	$20.2	$20.2	$20.2
Financial filings	$5.2	$4.9	$5.0	$5.1
Derivatives and other fees	$0.9	$0.9	$1.0	$1.0
	$66.0	**$66.5**	**$67.5**	**$68.4**
Other revenue				
National systems	$5.9	$6.6	$9.5	$9.8
Enforcement sanctions	$0.9	$1.0	$1.0	$1.0
Investment income net of realized losses	$4.0	$2.0	$1.8	$1.5
Total Revenue	**$76.8**	**$76.1**	**$79.8**	**$80.7**

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
OVERVIEW

Expenses				
Salaries and Benefits	$48.8	$51.0	$54.1	$55.6
Other local expenses	$22.7	$24.3	$25.0	$26.2
Partnership expenses	$11.8	$12.4	$12.5	$13.0
Total Expenses	**$83.3**	**$87.7**	**$91.6**	**$94.8**
Annual surplus (deficit)	**($6.5)**	**($11.6)**	**($11.8)**	**($14.1)**
Supplementary Information				
Total Debt	-	-	-	-
Accumulated unrestricted operating surplus	$73.8	$67.8	$58.8	$47.7
Accumulated restricted operating surplus	$40.5	$34.9	$32.1	$29.1
Local capital expenditures	$6.2	$4.9	$5.0	$4.2
Partnership capital expenditures	-	-	-	-

Contact: Peter Brady, Executive Director **Phone:** 604 899-6570
Division: BC Securities Commission

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
ISSUE NOTE

ISSUE: Crypto-Assets and Crypto-Asset Trading Platforms

ADVICE AND RECOMMENDED RESPONSE:

- The BC Securities Commission (BCSC), together with other Canadian securities regulators, has continued to exercise regulatory authority over major aspects of the crypto-asset market.
- Much of that effort has been aimed at crypto trading platforms (CTPs - also commonly referred to as cryptocurrency exchanges) that operate in a certain manner, requiring them to apply for registration or recognition, as applicable, or face enforcement action.
- More recently, the BCSC and other Canadian securities regulators prohibited registered CTPs from allowing clients to buy, deposit, or enter into crypto contracts to buy or deposit fiat-backed crypto-assets (commonly called “stablecoins”) that do not comply with terms and conditions the Canadian Securities Administrators’ (CSA) published in 2023.
- The BCSC has also taken enforcement actions against non-compliant CTPs and is taking disruptive action against

fraudulent schemes that are using crypto-assets to lure victims.

KEY FACTS:

- The BCSC and the CSA[1] have been actively working to identify and mitigate the risks to investors who are buying and selling the rights to crypto-assets through CTPs. The BCSC is regulating platforms under the *Securities Act* and taking enforcement action against non-compliant platforms.
- The BCSC and other Canadian regulators have imposed terms and conditions on CTPs regarding their trading of stablecoins that are designed to track the value of a single fiat currency (most commonly, the U.S. dollar).
- In addition to taking enforcement action against non-compliant platforms, the BCSC is working to disrupt fraudulent online investment schemes – often based in other countries – that use references to crypto to entice their victims. Some of these purports to be CTPs, and victims think the money will be used to buy crypto-assets; other schemes involve purported companies with some kind of crypto aspect.
- The BCSC is educating and cautioning investors about the high-risk nature of crypto-asset transactions, (owing to the price volatility of most crypto-assets), the relatively short track record of companies

[1] The CSA is an umbrella organization comprised of all Canadian securities regulators, including the BCSC.

providing crypto trading services (compared with traditional investment firms), and the fact that many CTPs operate outside the bounds of the law and beyond the reach of Canadian authorities.

BACKGROUND:

Crypto-Assets

- Depending on its characteristics, a "crypto-asset" could be:
  - a security or derivative (over which the BCSC has jurisdiction), or;
  - a commodity or currency (over which the BCSC does not have jurisdiction).
- Bitcoin and Ether are the most widely known and widely traded crypto-assets. Bitcoin's price has climbed rapidly in the past year, especially since late October 2024. As of March 7, 2025, one bitcoin was worth about CAD$125,300 ($87,021 USD) – more than 10 times higher than it was worth five years before.
- Bitcoin and Ether are considered to be commodities by most securities regulators, both in Canada and globally. The BCSC does not regulate commodities. However, a CTP can transact a crypto-asset in a way that creates a derivative, with the crypto-asset serving as its underlying interest. Such a transaction would thus be subject to BCSC regulatory authority.

- The CSA asserts that another widely-traded type of crypto-asset – fiat-backed stablecoins – are likely a security or derivative, and thus subject to BCSC's regulatory authority.

Crypto Trading Platforms

- Most CTPs transact crypto-assets in a way that creates a security or derivative, because the customers have only a contractual right to the crypto-asset.
- On that basis, the CSA has required CTPs operating in such a manner to apply for registration as dealers. Registrants must abide by rules aimed at minimizing risk to investors, especially investor losses resulting from a CTP's insolvency. As of February 2, 2024, more than 15 CTPs have been registered in Canada. Seven other CTPs operating in Canada are working toward getting registered, and the CSA expects that all or most of them will complete the registration process in FY2025-26.
- In reaction to the requirements imposed by Canadian securities regulators, some CTPs – including Binance, one of the world's largest platforms in terms of daily trading volume – exited the Canadian market.
- The BCSC and other Canadian regulators have taken enforcement action against CTPs that are not actively working toward registration. Seven offshore platforms have been banned in most Canadian provinces and territories, including BC, as a result of

orders imposed against them by Canadian securities regulators, including one by the BCSC.

Stablecoins

- Stablecoins, which the CSA calls "value-referenced crypto-assets" (VRCAs), are crypto-assets that attempt to maintain a consistent value, typically because they are purportedly backed by reserve assets (such as U.S. dollars) to minimize price volatility.
- The CSA's terms and conditions relating to VRCAs are aimed at addressing investor protection concerns by, for example, requiring that stablecoin issuers maintain an appropriate reserve of assets with a qualified custodian, held for the benefit of the crypto-asset holder, and that the issuers disclose certain information related to governance, operations and reserve of assets.
- Only one VRCA, called USDC, issued by U.S.-based Circle Internet Financial Limited, has met the CSA's terms and conditions. As a result, it is the only stablecoin that can be legally traded in Canada on a CTP.

Enforcement actions involving crypto

- The BCSC and other securities regulators have noticed a proliferation of websites and social media posts that lure people, including BC residents, into sending money or crypto-assets in the belief that they will be leveraged by professional traders or

proprietary trading programs to generate high rates of return in trading crypto-assets. These claims are almost always fraudulent.

- These websites and social media posts likely originate outside Canada; their actual location is usually not disclosed. The BCSC's ability to stop such schemes is limited, in part because the perpetrator's location is hidden and most likely in another country, and the perpetrator is operating far outside any regulatory regime. The BCSC employs various methods of disrupting such schemes, including:
    - Notifying internet service providers to remove such websites;
    - Placing such entities and websites on the BCSC's Investment Caution List;
    - Tracing the path of assets on the blockchain in an attempt to identify the destination of the funds; and
    - Identifying facilitators – crypto-asset exchanges, payment providers, money service businesses and "money mules" – and taking appropriate actions.
- The BCSC also has taken enforcement action against two defunct BC-based CTPs and individuals behind them for allegedly engaging in fraud by lying to their customers and diverting their assets to other purposes, and against a payment processing company for allegedly making misrepresentations, illegally distributing securities and operating an unauthorized exchange. One CTP and its sole director have been ordered to pay more than $18M in

financial sanctions and have been banned from the Canadian market. The other CTP and the payment processing company are awaiting hearings before a BCSC panel.

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: Crypto-Assets and Crypto Trading Platforms

Question: What is the BCSC doing to protect the public as crypto-assets become an increasingly mainstream part of the investment market?

Answer:

The BCSC, together with other Canadian securities regulators, has directed crypto trading platforms (CTPs - also known as cryptocurrency exchanges) to apply for registration or recognition, as applicable, or face enforcement action. Fifteen trading platforms have been registered by Canadian securities regulators, and seven others are in various stages of becoming compliant with securities legislation. The BCSC is encouraging people who want to buy or sell crypto-assets to use registered platforms because such platforms have agreed to implement measures designed to minimize customer losses in the event of a platform's insolvency. Among those requirements is a restriction on what stablecoins they are allowed to trade.

The BCSC's investor education website, InvestRight.org, contains information about the risks of investing in crypto-assets. The BCSC ran an advertising campaign highlighting the risks and warning signs of crypto fraud.

Question: Why do Canadians who want to trade stablecoins find that most of them are not available if they are using registered crypto trading platforms?

Answer:

Stablecoins, which the CSA calls value-referenced crypto-assets, attempt to maintain a consistent value, typically because they are purportedly backed by reserve assets (such as U.S. dollars) to minimize price volatility. The BCSC and other Canadian securities regulators had concerns about the transparency and governance of the issuers of many stablecoins, and as a result, imposed terms and conditions aimed at protecting investors, including a requirement that stablecoin issuers maintain an appropriate reserve of assets with a qualified custodian, held for the benefit of the crypto-asset holder, and that the issuers disclose certain information related to governance, operations and reserve of assets. If a

stablecoin and its issuer meet those terms and conditions, Canadian securities regulators will allow the stablecoin to be traded in Canada. One stablecoin, USDC, has met those terms and conditions so far. Canadian securities regulators are prepared to review other stablecoins whose issuers want to participate in the Canadian market, to see if they comply with the terms and conditions.

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
ISSUE NOTE

ISSUE: BCSC Enforcement Effectiveness and Use of New Powers

ADVICE AND RECOMMENDED RESPONSE:

- The BC Securities Commission (BCSC) has been exercising new powers granted to it by the *Securities Act*, which have enhanced its ability to detect and investigate misconduct and to pursue unpaid penalties imposed by the Commission through the enforcement process.
- The BCSC has been focusing more resources on disruptive tactics to counter the growth of online investment fraud, much of which originates from overseas organized criminal networks that are largely beyond the reach of Canadian authorities.

KEY FACTS:

- In 2024/25, the BCSC:
  - took more than 360 early disruption actions, including posting investor cautions, issuing warning letters, having websites with suspicious investment offerings taken down, issuing preservation orders and cease trade orders, notifying

suspected "money mules"[1] about the potential illegality of their activity, and proactively alerting victims of online, blockchain-based investment fraud;
    - commenced seven administrative enforcement actions;
    - concluded five administrative actions;
    - entered into 10 settlement agreements;
    - referred one case to Crown Counsel for prosecution and;
    - had four cases in which criminal charges were laid.
- Amendments to the *Securities Act* and other laws, which took effect in March 2020 and July 2023, have given the BCSC the strongest investigative and collections powers in the country. The BCSC has been using those enhanced powers to more effectively detect and investigate misconduct, and to make the collection of unpaid penalties more robust and visible, thereby creating a more powerful deterrent to future misconduct.

BACKGROUND:

Use of Enhanced Enforcement Powers

- The 2020 and 2023 amendments to the *Securities Act* were broad in scope, and aimed at strengthening the enforcement of investment misconduct and enhancing BCSC's ability to collect monetary sanctions. These enhancements include:

[1] People who are knowingly or unknowingly moving money for offshore scammers.

- **Administrative penalties imposed by notice:** An amendment enables the BCSC to impose, by written notice, monetary penalties on market participants for contraventions of securities law requirements. To utilize that power, the BCSC launched administrative penalties imposed by the notice process in the 2023/2024 fiscal year and has used that process to impose penalties in two separate cases.
- **Whistleblower program:** Based on an amendment to the *Securities Act* that created anti-reprisal protections for whistleblowers, the BCSC launched a whistleblower program in the 2023/2024 fiscal year that pays people who provide helpful information about investment fraud and other serious types of market misconduct. It is one of only two paid whistleblower programs among Canada's securities regulators. The BCSC has received 313 whistleblower tips to date, with roughly one-third of tips referred to a division of the Commission, but no payments have yet been made.
- **Enforcement action for refusing to provide evidence:** An amendment allows the Commission to use its administrative processes to impose consequences – market restrictions and monetary penalties – for failure to comply with a demand to provide evidence. Previously, the Commission's only recourse for such non-compliance was applying to the Supreme Court for a contempt order – a lengthy procedure that consumes

significant BCSC resources. The BCSC has issued six Notices of Hearing alleging an individual or entity has either refused to provide records or failed to attend an interview; five of those cases are pending before the Commission's tribunal, and one was discontinued after the party complied with the BCSC's orders.

- **Blocking driving privileges for non-payment of BCSC sanctions:** An amendment allows the BCSC to give notice to ICBC to block the issuance or renewal of the driver's license, vehicle license and vehicle plates of an individual who has not fully paid a BCSC financial penalty or entered into a payment plan. The BCSC has sent such requests to ICBC for 25 individuals. This has resulted in 3 respondents paying their sanction in full, and five respondents entering into a payment plan.
- **Pursuing assets that were previously difficult or impossible to access:** Amendments allow the BCSC to preserve assets or to have the court forfeit property that was transferred to family members and third parties below market value, and to seize funds from registered accounts. The BCSC has used these powers in one case, resulting in it getting annual withdrawals from a $551,000 registered account belonging to the perpetrator of one of B.C.'s largest investment frauds. That case is under appeal.

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
ISSUE NOTE

- Significant BCSC resources are being used to pursue unpaid penalties and respond to associated legal challenges. The BCSC has three staff dedicated exclusively to collections, supported by BCSC enforcement staff during investigations and internal counsel who assist with collections matters. The BCSC also retains specialized external legal counsel to assist with its collections efforts. Examples of such external collections-related litigation include:
    - The BCSC's efforts to prevent Thalbinder and Shailu Poonian from using bankruptcy to avoid paying their $19M financial sanction for a pump-and-dump scheme. To date, the BCSC has successfully prevented them from being discharged from bankruptcy. The BCSC also sought a court ruling that their financial sanction would not be extinguished if they were ever granted an exit from bankruptcy. The latter case was litigated in the Supreme Court of Canada, which decided in July 2024 that the federal *Bankruptcy and Insolvency Act* (*BIA*) only allows certain types of disgorgement orders (for misconduct involving deceit) to survive bankruptcy and that administrative penalties do not survive bankruptcy – that is, they would be extinguished upon discharge. As a result, the BCSC has been engaging with federal officials, seeking an amendment to the *BIA* that would add financial sanctions for violations of securities laws to the list of debts that survive bankruptcy.

- Investors defrauded in a real estate scheme had $2.1M returned to them as a result of BCSC actions to freeze the assets of two sisters and their associated companies. The BCSC applied to the British Columbia Supreme Court to have a receiver appointed to investigate assets and efficiently distribute funds to investors.

Examples of Enforcement and Collections

- Examples in the 2024/2025 fiscal year of the BCSC's efforts to protect investors through administrative enforcement actions, criminal investigations or collections:
  - A man was sentenced to 90 days in jail for withdrawing funds from a bank account that had been frozen by the BCSC.
  - A Vancouver man was charged with three offenses under the *Securities Act* – fraud, misrepresentation, and making a false or misleading statement to BCSC staff.
  - The Chief Financial Officer of a Vancouver-based publicly-traded company was charged with two offenses under the *Securities Act* – tipping and recommending someone trade securities while knowing an undisclosed material fact.
  - A North Vancouver man was sentenced to three years in prison after previously pleading guilty to one count of theft over $5,000 for stealing US$971,586 from nine investors under the pretense of investing the money in a private fund

purportedly held at a Chicago firm and administered through his British Columbia company. Neither he nor his company were registered to trade securities, nor did they qualify for any exemptions.

- A woman who carried out an investment fraud under the guise of helping Chinese students and tourists was ordered by a BCSC panel to pay almost $3.3M in administrative penalties and disgorgement and was banned permanently from the investment market.
- An investment advisory firm paid $60,000 to the BCSC after a compliance exam revealed repeat deficiencies, including failing to identify all existing material conflicts of interest and failing to address those unidentified conflicts in the best interest of the clients.
- A BCSC panel imposed $18.4M in financial sanctions after finding that a British Columbia-based crypto trading platform committed fraud by lying to its customers and diverting almost $13M of their assets to gambling.
- A Vancouver man paid $337,500 to the BCSC and agreed to a temporary market ban after admitting that he directed the purchase of about $134,000 worth of shares of a company in accounts held by two close relatives, based on his knowledge of an upcoming reverse takeover.

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
ISSUE NOTE

- A British Columbia firm and its former CEO agreed to pay $493,457 to the BCSC for failing to comply with several investor protection requirements after a BCSC examination revealed significant deficiencies.
- The BCSC formally alleged that three British Columbia-based companies and several people connected to them illegally distributed securities and that two of those companies and their sole directors also solicited and referred investors without being registered.
- A BCSC panel banned the operator of an unregistered and unauthorized crypto trading platform, incorporated in the Cayman Islands, from trading in or purchasing securities and derivatives on behalf of British Columbians.
- The BCSC returned a total of $39,000 to four investors who lost money as a result of a Burnaby man's unregistered trading and advising.
- An overseas group of companies has committed to returning all money and/or crypto assets deposited with them and will pay for the cost of the claims process, as part of a coordinated agreement reached between the companies, the BCSC, and several other U.S. states and Canadian provincial securities regulators.

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
ISSUE NOTE

Countering the Growth of Online Investment Fraud

- Fraudulent investment schemes promoted through online channels have increased significantly in volume and sophistication since the pandemic. As Canadians spend more of their time online, and technology becomes effective at reaching and deceiving them, they are more vulnerable than ever to such schemes.
- The Canadian Anti-Fraud Centre says British Columbians reported losses of $43.4M to fraudulent investment pitches or fraudulent "recovery" pitches in 2024, though the real cost is likely much higher because only five to 10 per cent of victims report fraud.
- These schemes are mostly perpetrated by criminal organizations operating outside North America. They are adept at hiding behind layers of technology and operating beyond the jurisdiction of any Canadian laws or authority. As a result, the BCSC's traditional method of holding law-breakers accountable – either through its administrative hearings or by recommending charges to Crown Counsel – is largely ineffective in deterring the perpetrators of these schemes.
- In response, the BCSC has put more effort into disrupting such schemes and in educating the public as a form of self-protection.
- The BCSC's disruptive efforts include:
    - Requesting the removal of suspicious websites, achieving more than 65 removals in 2024;

  - Alerting payment processors that they could be unknowingly handling proceeds of investment fraud;
  - Identifying "money mules" – people who are knowingly or unknowingly moving money for offshore scammers – and warning them that they could be subject to prosecution if they continue to do it;
  - Issuing investor alerts about recently surfaced schemes that may pose a new, imminent risk to the public, and posting the names of suspicious entities on the BCSC's Investment Caution List (which gets picked up by search engines);
  - Communicating with registered crypto trading platforms and financial institutions on how to prevent harm to their clients and;
  - Using blockchain tracing technology to identify addresses that have likely been compromised and working with crypto trading platforms to alert the individuals who own those addresses about the imminent risk of losing their crypto assets.
- To support its disruptive efforts, the BCSC also has invested significant resources in investor education to help British Columbians recognize the warning signs of investment fraud, reject fraudulent investment scams, and report such activity to the BCSC.

- The BCSC's investor education website, InvestRight.org, provides a wide scope of information on the different types of fraud and how to identify them. The BCSC is constantly adding to that site as new threats emerge.
- The BCSC runs a fraud awareness advertising campaign every year, with this year's campaign focusing on artificial intelligence (AI)-enabled fraud. The ads drive people to a custom-built webpage, avoidAIscams.ca, that shows the various ways AI is used to deceive people, and the steps people should take to guard against it.
- Since 2023, the BCSC has increased its focus on social media as a channel to educate investors, based on BCSC research that shows emerging adults use social media to gain information about investing.

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
ISSUE NOTE

QUESTIONS AND ANSWERS

ISSUE: BCSC Enforcement Effectiveness and Use of New Powers

Question: Has the BCSC made any progress in improving its collection rate?

Answer:

- The BCSC now has the strongest collections tools in the country thanks to amendments to the *Securities Act* and other laws that were brought into force in 2020 and 2023.
- The BCSC's enforcement staff has been vigorously pursuing people who have not paid their sanctions using the tools provided in the amendments.
- The BCSC is vigilant about collecting sanctions and the amounts outstanding, and for every unpaid penalty, they have taken some action.
- Collecting sanctions is a slow and often contested legal process, and even when rulings and orders are in the BCSC's favour, respondents do not always heed them.

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
ISSUE NOTE

- The biggest challenge the BCSC faces is that debtors usually have few or no assets. For this reason, the BCSC expects that even if it dedicates more resources to collections, it will not result in a significant increase in the amounts collected.
- It is important to note that BCSC panels have the ability to impose penalties of $1M per contravention of the *Securities Act*, and one individual can be found to have breached the Act multiple times. As a result, some financial sanctions are far higher than the amounts ever obtained by the respondent through their misconduct. In several cases in which the respondent owes $35M or more, it is unlikely the BCSC will ever collect the full amount owed.

MINISTRY OF FINANCE
BC SECURITIES COMMISSION
ISSUE NOTE

ISSUE: Regulatory effectiveness

Question: How many of the new powers has the BCSC actually used? Have they made a difference?

Answer:

- The BCSC has operationalized the new powers it obtained through amendments to the *Securities Act*, which enhanced its powers to detect and investigate misconduct and to collect on penalties imposed through the enforcement process.
- The BCSC launched enforcement programs in 2023/24 that were enabled by the amendments, aimed at enhancing investor protection. These include:
  - A paid whistleblower program aimed at incentivizing people to report suspected misconduct; and,
  - a streamlined enforcement process by which monetary sanctions can be imposed on market participants, with written notice and without a hearing, for contraventions of securities law requirements.

- The BCSC also has used its new power to take action against individuals or entities who refuse to provide evidence. Previously, the Commission's only recourse to such non-compliance was applying to the Supreme Court for a contempt order – a lengthy procedure that consumes significant BCSC resources. The BCSC has issued allegations in six cases alleging an individual or entity has either refused to provide records or failed to attend an interview; five of those cases are pending before the Commission's tribunal, and one was discontinued after the party complied with the BCSC's orders.
- Enforcement staff are vigorously pursuing debtors for unpaid penalties using the tools in the amendments, including:
  - Pursuing assets that are transferred below-value to a family member or third party. The BCSC is pursuing money transferred to a spouse by a woman who owes $220,000 in penalties and interest for her role in an $11.7M Ponzi scheme.
  - Pursuing assets from registered accounts. The BCSC has used these powers in one case, resulting in it getting

annual withdrawals from a $551,000 registered account belonging to the perpetrator of one of B.C.'s largest investment frauds.

- Asking ICBC to block the issuance or renewal of a driver's licence and vehicle licences and vehicle plates to anyone who has not paid a significant financial penalty. It has done this 25 times so far, resulting in three respondents paying their sanction in full, and five respondents entering into a payment plan.

MINISTRY OF FINANCE
POLICY AND LEGISLATION DIVISION
ORGANIZATION OVERVIEW

NAME: Land Title and Survey Authority Overview

BACKGROUND:

- The LTSA was established in 2005 as an independent statutory, not-for-profit corporation to preserve the Torrens system, a land registration and transfer system that provides a public record of land ownership and interests. The LTSA is responsible for operating B.C.'s land title and survey systems.
- The LTSA is not a provincial Crown corporation and not part of the government reporting entity.
- The Ministry of Finance (FIN) received responsibility for the *Land Title and Survey Authority Act (LTSA Act)* in October 2023.

BRANCH/DIVISION/CROWN OVERVIEW:

- The purposes of the LTSA are set out in section 4 of the *LTSA Act*. Section 4 of the Act defines the purposes as follows:
    - To manage, operate and maintain B.C.'s land title and survey systems;
    - To facilitate the execution of Crown grants;
    - To carry on other necessary or advisable activities related to land title and survey systems;
    - To manage, operate and maintain a land title system for a first nation under an agreement under the federal First Nations

Commercial and *Industrial Development Act* (added in 2012); and

- To administer the *Land Owner Transparency Act (LOTA)* and associated regulations, including information systems (added in 2019).

- In addition to the aforementioned functions, the LTSA also helps to administer a number of government programs, including several of FIN's. These include the Property Transfer Tax and the Condo Strata Assignment Integrity Registry.
- LTSA is required to meet obligations and performance targets established by the Province through legislation and an Operating Agreement (OA). The LTSA's fee structure, process for changes to it, and the LTSA's performance measures are specified in the OA.

Governance

- The LTSA is governed by an eleven-member Board of Directors. The Board selects its members from nominations submitted from stakeholder entities identified in the *LTSA Act*.
- The entities represented on the Board include organizations with a direct interest in land title and survey operations and include: the legal community, land surveyors, real estate professionals, registry agents, local government and taxation authorities, First Nations, and the provincial government.

- Eligibility and procedures for Board appointment, and the Board's role and compositions are all established by the *LTSA Act*.

Highlights

- As specified in the Operating Agreement, LTSA is required to meet three performance targets. The LTSA has consistently met or exceeded these performance targets:

Performance Measure	*Target Average Processing Time*	*Actual Average Processing Time*
Land title registration	6 business days	3.3 business days
Crown land survey plan approval	21 business days	3.3 business days
Crown grant document issuance	21 days	3.4 business days

Source: 2023/24 Annual Report

- On April 1, 2024, the LTSA Board implemented the elimination of search fees under LOTA. This change improves beneficial ownership transparency.
- The LTSA is currently collaborating with the Province on key initiatives, including:
    - Advancing the joint reviews required under the OA and *Land Owner Transparency Act* Agreement;

- Participating in an LTSA/FIN Working Group Real Property Land Title Data Working Group with the objective of encouraging strong data management to support provincial priorities; and
- Advancing legislative priorities.

BUDGET:

- As a statutory corporation, the LTSA is not part of the government reporting entity and the *Budget Transparency and Accountability Act, the Business Corporations Act* and *the Financial Administration Act* do not apply to the Authority.