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NEWS RELEASE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Quotes:

Minister of Finance Michael de Jong:

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

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

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

Learn More:

For more details on *Budget 2016*, visit: www.bcbudget.ca

For online information and services, visit the Province's website: www.gov.bc.ca

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