



BUDGET SPEECH 2016

I was walking past a school a few weeks ago. The students were heading home at the end of their day.

Some were walking, others were climbing aboard the big yellow school buses waiting for them out front.

And there was a heightened level of excitement in the air that at first I didn't understand until I got a little closer and could hear some of the comments and conversation.

Turns out it was report card day. You remember report card day. That was the day you had to go home and show your parents how you were actually doing, at least according to your teachers.

All term long you'd been telling your folks how well everything was going at school, but this was the day they got to see what was really happening. And before you got home, there was that whole comparative assessment thing that you went through with your friends.

What'd you get in math?

What'd you get in social studies?

And how you did tended to influence your measure of enthusiasm for the conversation. Sometimes if the results were disappointing, you would feign indifference and shrug it off with a "whatever."

Alternatively, the more brazen would simply conclude that the adjudicator, the teacher, simply didn't recognize the brilliance they were confronted by.

Of course, happily, the grade we got in a particular course or the comment we received from a teacher represented a mere snapshot of our development and was in no way determinative of our future prospects. (My own math teacher Mr. Klassen would attest to that!)

Still, we all want to know "how we're doing."

Parents certainly want to track the progress and performance of their children. We all want to know that our efforts are being recognized and how we are positioned vis-a-vis our peers and/or competitors.

Governments get a different type of report card. In B.C., I suppose the ultimate "reporting out" takes place every 4th spring in what I like to call the "shareholders' meeting," when everyone gets to assign a grade.

Along the way, however, our performance as a province is examined and analysed by a variety of agencies whose job it is to assess, in a non-partisan way, British Columbia's strengths, weaknesses and forecast our future prospects.

In providing my customary update on B.C.'s budgetary position for the present fiscal year, I thought it might be appropriate to draw members' attention to what some of those authorities are saying about us in their report cards.

It hasn't been an easy year for the economists. Volatility has impacted economies across Canada and around the world. The downward spiral of the oil sector continues.

Now the Canadian dollar is following suit—reaching lows against the U.S. dollar that haven't been observed in more than a decade.

Like all jurisdictions, we are being tested by the dual challenges of rapid change and unpredictability. Unlike most of those jurisdictions, we are not only passing that test but we are scoring top marks, and British Columbians deserve to be proud for having earned our way to the top of the class!

Here's what the Conference Board of Canada said in their January report card:

British Columbia's economy is forecast to maintain the momentum gained over the last year and continue to make impressive gains.

...B.C.'s fiscal balance sheet is the envy of the other provinces...

After leading the provinces in growth this year, British Columbia will be the top performer again in 2016.

At the same time, CIBC World Markets issued their November report card and predicted that B.C. is "likely to top the charts on GDP and employment growth" in 2016.

And from the senior economist at BMO the following commentary:

...B.C. is on track to cruise into year-end as the envy of the Canadian provinces. The budget is balanced; net debt is low and stabilizing at around 16.5% of GDP; economic growth is atop the leader board, and the province's relative tax competitiveness is steadily improving (especially versus its neighbour to the east).

There's another group that regularly issues a non-partisan report card. They're called the rating agencies and we ignore the marks they assign at our peril because it is those marks that determine how much we will pay to borrow the capital we require to build hospitals, schools and highways.

And in the world of credit worthiness the difference between three A's and one B is billions of dollars in added debt-servicing costs.

In reaffirming B.C.'s triple-A credit rating, Moody's observed that "the province has presented a credible plan of consistent balanced budgets with little risk that the debt burden will exceed current forecasts."

Down the street at Standard and Poor's, the examiners confirmed our triple-A grade and in support cited "the province's very strong financial management, exceptional liquidity, and very strong and wealthy economy."

Perhaps most importantly, this observation regarding the form and reliability of the budget documents I am presenting today. Back in April, Dominion Bond Rating Service praised B.C. for:

"exemplary accountability and reporting practices" including "compliance with generally accepted accounting principles and early adoption of new standards, comprehensive consolidation of government entities, early budget releases, established dates for quarterly updates, full comparability of budget estimates and public accounts and no reliance on fiscal smoothing mechanisms to balance its budget."

Not only are we doing our homework, we're getting it in on time and in a format that people can trust!

I suppose none of this would have been worth pointing out if everyone were getting the same marks and attracting the same comments in their report cards. Of course this is not the case.

As B.C. continues along the path of steady, stable growth, we see other provinces contending with faltering economies and credit rating downgrades.

Alberta was recently downgraded amidst concerns of weak budgetary performances and the province's rapidly rising taxpayer-supported debt.

Saskatchewan has recently seen its outlook revised by Standard and Poor's from stable to negative.

Alone among all of the provinces B.C. is the only jurisdiction to garner top marks of "Triple-A Stable" from both international rating agencies. The exclusive club I referred to last year has now truly become a lonely triple hearts club of one.

Our positive standing is a reflection of the disciplined fiscal management that British Columbians have demanded of their government and the solid economic growth that British Columbians have achieved through their enterprising ingenuity.

Budget 2016 will honour that record...that legacy that British Columbians have worked so hard to achieve.

Last year, I referred to the fiscal hat trick...this year I will congratulate British Columbians on scoring a budgetary grand slam.

In 2016-17, for the fourth year in a row, the government is tabling and will deliver a balanced budget.

The budgetary plan for 2016-17 anticipates:

Total spending of	\$47.5 billion
Total revenues of	\$48.1 billion
A forecast allowance of	\$350 million
A budget surplus of	\$264 million

We have leveraged our advantages internationally and diversified our industrial output so that B.C.'s economy wouldn't be too reliant on any single sector or any single trading partner.

We have been prudent in our forecasts and disciplined in our spending.

We've made some tough choices, the kind that British Columbians have to make each day for their families and for their businesses.

But as a result of that approach—the prudence and the discipline—we are today in a position where we have the flexibility to make targeted investments that will:

- help B.C. families with some of the challenges they are facing;
- offer greater support to the most vulnerable among us;
- partner with communities, First Nations and the private sector to create jobs and opportunities around the province; and,
- capitalize on our strength today to protect ourselves against future fiscal uncertainty.

Now let's get to the numbers.

3rd QUARTER UPDATE

As we move through the final quarter of the 2015-16 fiscal year, I can advise the House of two things:

1. We are on track to meet our budgetary forecasts.
2. We are not immune from the challenges facing the world economy.

Lower prices for metals, minerals and energy products, alongside weak global demand, are weighing on the growth of exports.

However, B.C.'s economy has experienced steady and stable growth over the past year, and that trend is forecast to continue—with notable strength in consumer spending, housing, and employment.

Retail sales continue to be a driver in B.C.'s economy, advancing 6.8% year-to-date to November 2015. Employment has exceeded our forecasts with growth of 1.2% in 2015.

The housing market has also exceeded expectations. Housing starts are up 10.9% in 2015 and the value of residential building permits up 26.6% year-to-date to November 2015.

I'll have more to say about the housing market later.

And as B.C. is poised to lead the country in economic growth, we are attracting people from other provinces who are seeking a safe harbour from economic storms. In the third quarter of 2015, B.C. saw the highest quarterly level of net inter-provincial migration since 1995. We had a net inflow of more than 6,315 people from other regions of Canada, and yes, more than one-third of those arrived from Alberta.

This inflow of Canadians from other regions is a reflection of our economic resilience relative to the other provinces, and the economic growth that is acting to attract people to B.C. is providing benefits to families in a variety of ways.

Statistics Canada reported that the B.C. economy grew by 3.2% in 2014—well ahead of the 2.3% projected by B.C.'s independent Economic Forecast Council.

And that has provided some good news for the public sector employees under labour agreements that accepted the premise that agreements that offer labour stability and are affordable for taxpayers can contribute to the economic well-being and growth of our province. The greater than forecast economic growth in 2014 translated into an additional wage increase of 0.45%, on top of the general wage increases of 5.5% over five years. It's a modest increase, but it's one that marks the first time in B.C. history that public sector employees have directly benefitted from actively participating in the province's growth.

The growth dividend will ensure that all employees receive additional money over the life of their collective agreement...some as much as \$1,298 over the term of the agreement. And in *Budget 2016*, we are adding \$213 million over the next three years to ministry budgets to fund that growth dividend.

More importantly, it recognizes the fact that British Columbia's ongoing success and prosperity is a joint effort. We are all in this together and when British Columbia succeeds everyone should share in the benefits.

ECONOMIC AND FISCAL OUTLOOK FOR 2016-20

The Economic Forecast Council met once again at the end of November.

I am again obliged to the members of this Council who travelled here from various parts of B.C. and Canada and to members of this Assembly from both the Opposition and Government benches who took the time to be in attendance. One very lonely member of the media took advantage of the opportunity to see and hear first-hand the advice we received from some of Canada's leading economists against which we compare our own budgetary forecasts.

Had others been in attendance they would have heard members of the Council observe that B.C. sets the gold standard for fiscal prudence and management.

The Economic Forecast Council is projecting growth for B.C. as follows:

2016	2.7%
2017	2.6%
2018-20	2.4%

For the purpose of the fiscal plan I am tabling today, the government is projecting B.C. economic growth of:

2016	2.4%
2017	2.3%
2018	2.3%

As usual our projections are slightly lower than the outlook provided by the Council, and that is one of the levels of prudence that helps keep spending within our means.

Forecast allowances are another level of prudence that help protect B.C. against the kind of unforeseen changes, such as resource price volatility, that can sink budgets into the red. To that end, we have built in forecast allowances of \$350 million for each year of the fiscal plan.

And in our third traditional level of prudence, we've built in spending contingencies as follows:

2016-17	\$450 million
2017-18	\$400 million
2018-19	\$400 million

Too much or not enough? That's generally the debate around contingencies. Let me simply say that on our \$47.5 billion budget a \$450 million contingency allows for less than 1% margin of error (0.95%).

With that cautionary note, the bottom line for taxpayers is that we're on track for a balanced budget for the next three years with forecasted surpluses that will allow us to reduce borrowing requirements and continue reducing our direct operating debt.

2016-17	\$264 million surplus
2017-18	\$287 million surplus
2018-19	\$373 million surplus

You'll notice that the surpluses for the next couple of years are down slightly from what we were forecasting in Budget 2015 which is attributable to two things:

1. Spending decisions in this fiscal plan that I will refer to shortly.
2. The fact that B.C. is not immune to the economic forces that are slowing growth elsewhere.

DISCIPLINED FISCAL MANAGEMENT AND DEBT

I want to take a moment to speak about the relationship between responsible fiscal management, the debt, and the ultimate impact that has on services for British Columbians.

By showing discipline in tough fiscal times, by paying down the operating debt that has built up over decades of deficit budgets, we've been able to free up hundreds of millions of dollars for reinvestment in expanded programs and services for the people of B.C. who rely on them.

Spending discipline is rarely easy and never fun. It requires constant vigilance—controlling office, administration and travel expenses.

Managing hiring and placing rigid controls on compensation for management and executives. Tough negotiations and modest wage settlements with the invaluable women and men who work in the public sector under labour agreements.

Careful management of public sector compensation was essential to achieving a balanced budget, and I need to again pay tribute to the hardworking public servants who have helped us achieve that objective.

Maintaining that prudent approach will be just as important going forward in the face of gathering economic uncertainty around the world.

Because today, we have within our grasp the ability to do something that could define this generation.

Three years ago the government—the Premier—had the audacity to present the idea of a debt free B.C. (“Il nous faut de l’audace, encore de l’audace, toujours de l’audace!”—Georges Danton).

Many scoffed and said it was impossible. They were, I might add, some of the same skeptics who said balancing the budget was impossible and yet here we are with our fourth in a row!

Surely leadership is about presenting that audacious vision and challenging us to turn the dream into reality. And that's what we're doing...tackling the debt the same way it was created—one step at a time.

Since we started balancing the budget, we will have reduced direct operating debt by over \$2.2 billion. And, by the end of this fiscal plan, if we maintain our course, direct operating debt is projected to be at its lowest point since 1984-85.

What's more, if we adhere to our prudent and disciplined path, we have the opportunity as early as 2020, in just four years, to completely eliminate the operating debt, and for the first time in 45 years—since 1975—the Province will no longer carry the burden of operating debt.

What's it mean? Well it means a whole lot more budgetary flexibility, which we're already experiencing and which I'll expand upon in a moment.

But it also means this: It means a parent can look their child or grandchild in the eye and say, or at least know, that we paid our own way.

We paid for the services we consumed. We didn't run up a grocery tab and ask our kids to pay it off. We left the province in better shape than we found it. Now that's a gift for the generations!

B.C. families get it. They know that by working hard and paying off their credit card they'll save money on interest payments and have that money to spend on more productive priorities.

The dividends resulting from prudent fiscal management already reveal themselves in the fiscal plan before you today.

\$1.6 billion in new incremental spending over the three years—plus annual increases of 3% for health care funding—just under \$500 million of which is made possible because of reduced interest payments on our reduced operating debt.

By way of comparison, if we had Ontario's public debt-to-revenue ratio and Ontario's credit rating, instead of saving \$500 million for redeployment elsewhere, we would be paying an additional \$2.45 billion in annual debt servicing costs.

Instead, we're able to reinvest those savings on priority programs for the families and individuals in B.C. who need it most, and I'll describe those investments in detail in a moment.

Ah yes...but I can hear the keen observer proclaim you are still borrowing. We do borrow, reduced amounts, for investments in capital infrastructure. Today, on the strength of our balanced operating budgets, we borrow only to build.

This three-year fiscal plan, drawing on our fiscal strength, projects total capital spending in the amount of \$20.6 billion—of which \$12 billion is taxpayer supported and will ensure that record levels of investment in health, education, skills training facilities, transportation and community safety infrastructure are made. That total includes:

\$2.9 billion in health infrastructure projects, such as:

- Royal Inland Hospital — clinical services building, Kamloops.
- B.C. Children's & B.C. Women's Hospital Redevelopment (clinical support building & acute care centre), Vancouver.
- Penticton Regional Hospital — Patient Care Tower.
- North Island Hospitals, Comox Valley & Campbell River.

\$1.7 billion in K-12 education infrastructure, including such projects as:

- Clayton North Secondary, Surrey.
- Smiling Creek Elementary, Coquitlam.
- North West Elementary, Fort St. John.
- Alpha Secondary seismic upgrade, Burnaby.
- Sir Charles Kingsford-Smith seismic upgrade, Vancouver.
- Georges P. Vanier seismic upgrade, Courtenay.

\$2.5 billion in infrastructure spending for post-secondary education, skills and trades training, for such projects as:

- Emily Carr University of Art & Design Campus Redevelopment, Great Northern Way, Vancouver
- University of British Columbia — Life Sciences Teaching Laboratories Redevelopment, Vancouver
- Selkirk College — Trades Facility Renovation, Nelson

\$3.1 billion in transportation investments, including:

- Highway 1: Admirals Road/McKenzie Ave. Interchange, Saanich
- Highway 1 widening and 216th St. Interchange, Langley
- Reconstruction of Fort Nelson River Bridge (Hwy 77), Ft. Nelson
- And many others.

HOW WE'RE GOING TO CONTINUE TO BUILD THE ECONOMY

When I attend gatherings of provincial and territorial ministers or meetings with international representatives, I'm frequently asked how we managed it.

How is it that B.C. alone, among the provinces, is able to post repeated surpluses, pay down debt, and maintain a stable triple-A credit rating?

I tell them it's all about thinking in 3D:

- Discipline.
- Diversity.
- Determination.

This is a province that has a strong and diverse economy, and that's partly because we continue to build on our competitive advantages when attracting investment, creating jobs, and building industries.

We have been and will continue to market British Columbia's advantage to the world, including our:

- Stable investment climate.
- Strong labour pool.
- Active First Nations participation.
- Competitive fiscal regime.
- Strong regulatory framework.

And in this year's budget, one of the ways we're going to help B.C. families with the cost of living is to create a landscape that supports a diverse and growing economy.

We want British Columbia to continue to prosper, which means we have to continue to have a competitive taxation environment.

Some of the Province's taxes were designed in the early 20th century, for the 20th century British Columbia economy. To remain competitive we need our taxation policy to keep pace with our changing and evolving economy.

One example is the provincial sales tax, a retail sales tax that was originally introduced in 1948.

That's why we are establishing a Commission on Tax Competitiveness to look at how the Province's economy is changing and evaluate taxation instruments like the current PST within the context of those changes.

The terms of reference will include asking the commission to consider ways to modernize the existing sales tax. The commission's terms of reference will explicitly *exclude* consideration of a return to the harmonized sales tax.

The commission will consult with British Columbians and it will make recommendations to government in the fall of 2016.

It's vital that we continue to create the kind of competitive tax environment that draws capital investments, industries, companies and jobs to our province.

Attracting private sector investment is why *Budget 2016* provides \$1 million as the second year of funding for the International Maritime Centre, a project that is already attracting more international maritime companies to British Columbia—along with the businesses and jobs that support them.

Recently, the *Wall Street Journal* for the first time listed Vancouver amongst the leading global shipping centres and named Vancouver alongside London and Singapore, and the Vancouver International Maritime Centre is already beginning to fulfil its mandate and attract shipping companies to Vancouver.

In fact, just a few months ago, we welcomed the first shipping company to open a new office in Vancouver since re-establishing the International Maritime Centre—Singapore-based AAL.

This company is already expanding business here and hiring more staff, and those are the kind of opportunities we want to bring here.

Aerospace

Quietly, steadily, British Columbia's aerospace sector is establishing itself on the world stage.

Companies like Cascade Aerospace, which for 10 years has maintained Canada's C-130 Hercules Fleet, has now expanded and is performing similar work for the Mexican Air Force, with other countries including Japan, China, Thailand, the Philippines, poised to join the customer list.

The latest and greatest in aerial fire suppression technology continues to be developed right here in B.C. by companies like Conair Aviation.

Whether it's the Q400 fighting fires in Europe or the RJ85 air tanker saving lives and property in the U.S. and Australia, this is aerospace technology engineered, designed and built right here in B.C. by the almost 10,000 people directly employed in the aerospace sector.

Building on this success is why the government intends to continue our partnership with the Aerospace Industries Association of Canada by providing the third instalment of our \$5 million funding contribution to its Pacific division.

Whether it's Viking Aircraft reintroducing the twin otter to the world, or UrtheCast Corp. establishing B.C. as an earth observation satellite technology leader, an industry that once flew under the radar is now reaching for the stars and providing more and more British Columbians with long-term, family supporting jobs.

Forest Innovation Investments — India

And it's why we are targeting an additional \$5 million over three years to expand the effort to advance a strong Canadian wood brand in India, which has the potential to be an important market for this province.

But it will not happen on its own and it will not happen overnight.

Building on the initial work of Forestry Innovation Investments Ltd., we are going to pursue this market in the same way we have taken advantage of, and created, opportunities in China.

Fifteen years ago, China was purchasing a paltry \$15 million worth of B.C. wood products.

Today, following the completion of the Dream Home Canada project, and after working with Chinese officials to explain and market the benefits of building with B.C. wood products, China now purchases \$1.5 billion worth of forest products, supporting jobs in every region of B.C.

With this funding, we will work with the forest industry to promote a stronger B.C. wood brand in India to help B.C. companies establish themselves as the world's leading supplier of sustainably harvested wood products to a market that includes the world's largest middle class.

Within the U.S., the forces of softwood protectionism are gathering once again.

Be assured that the Premier and the government have already taken the lead in mobilizing Canadian governments and the forest sector to respond to this challenge.

Developing new markets in India and elsewhere represents a key component of our strategy to respond to American softwood protectionists who are either unable or unwilling to compete with the best producers of forest products anywhere in the world located right here in B.C.

Growing our economic potential

And while we work to encourage investment from around the world, this budget is also working to grow the outstanding economic potential we have right here in B.C.

For small businesses, the backbone of our economy, we are expanding the Small Business Venture Capital Tax Credit budget by \$5 million.

And to make sure we continue to tap into our workforce potential, this budget is providing \$8 million over three years for increased youth trades training to help more of our young people participate in B.C.'s growing industries.

As previously announced, *Budget 2016* also provides support to the mining sector.

As an important economic driver in the province, the mining industry is a key sector in the BC Jobs Plan and a critical source of long-term employment and business opportunities, particularly for Aboriginal and rural communities.

Budget 2016 will extend the Mining Exploration Tax Credit for three years and the British Columbia Mining Flow-Through Share Tax Credit for one year to encourage exploration.

Today there are 20 LNG proposals in B.C. at various stages of development, and we will continue to work with the private sector to move forward on projects.

We are, however, prudent in our forecasts, and though we have seen important and substantive progress in the development of an LNG industry in B.C., we have not included LNG projects in our revenue projections at this time, pending the announcement of a final investment decision.

The fundamental advantages that have attracted LNG proponents to B.C., including the enthusiastic participation of so many First Nations, has not changed.

The forecasts for growing worldwide demand for a reliable supply of LNG remain unchallenged.

And while recent volatility in the energy markets has created unique challenges for those poised to make some of the largest private sector investments in our nation's history...

...thanks to all of the work that has been done to establish a regulatory, environmental and taxation platform within B.C., we may continue to say with confidence that the advent of this generational opportunity, and all of the benefits that go with it, is not a question of "if," but "when"!

One sector of our economy is a notable showcase of B.C. talent—the film industry.

B.C. provides generous labour-based film tax credits to help reduce a production's labour costs, and a strong U.S. dollar relative to the Canadian dollar this past year, combined with the world class talent pool that has arisen in B.C., have combined to attract a record number of productions to our province.

And as the industry booms, they are also able to take further advantage of the tax credits that are now estimated to be around half-a-billion dollars in 2015-16.

Ontario, which noted its increased tax credit cost due to the low Canadian dollar, as well as Quebec and New Brunswick, have reduced their tax credits in recent years.

The industry has recognized the fiscal impact and approached government so we can work together to find the best way to address the fiscal pressure the low dollar creates. The results of these discussions will be revealed in the weeks ahead.

Budget 2016 continues to build on B.C.'s leadership in clean technology and climate action.

Climate change is a global issue, and the Premier has made it clear that B.C. will remain a climate action leader.

And we have been able to move forward with that leadership on climate change while also growing our economy.

Budget 2016 continues that leadership with support for the Clean Energy Vehicle Incentive Program, which provides British Columbians with incentives when considering the variety of clean and green choices for their transportation needs.

And as communities want to know their surrounding environment is being taken care of, they also want to know they are being supported to have safe and vibrant communities.

For our communities, *Budget 2016* commits:

- \$75 million over the next three years to the Rural Dividend Program, to help struggling communities reinvigorate and diversify their local economies.
- support for public and community safety, including \$5 million for the Guns and Gangs strategy as per our UBCM commitment.
- \$128 million in operating funding for the new Okanagan Correctional Centre, due to open in early 2017, which will add about 240 jobs to the area.

And when it comes to safety, people also want to know that their communities are safe from Mother Nature's more severe impacts.

We certainly saw some of those impacts this past summer, where more than 1,800 fires burned about 300,000 hectares. Fighting these fires cost taxpayers an estimated \$278 million, put firefighters and communities at risk—and worse, cost a young man his life.

Prevention is key to protecting our communities, which is why in 2015-16 we're providing targeted investments to help protect B.C.'s communities against future wildfires and other natural disasters, including:

- \$85 million to establish a new organization—the Forest Enhancement Society of BC—that will work towards wildfire prevention and mitigation through forest fuel management, reforestation and habitat restoration.
- \$10 million for the Strategic Wildfire Prevention Initiative for Community Wildfire Protection Plans, Fire Smart Planning Activities and Fuel Management Projects, which follows through on another UBCM commitment.
- \$55 million in emergency preparedness and prevention initiatives, such as upgrading dikes and flood protection in vulnerable communities.
- And \$10 million in one-time funding to help bolster training, administrative support and equipment renewals of volunteer ground search-and-rescue organizations.

That's on top of a \$3 million increase over three years we're providing to Emergency Management B.C. to support outreach related to emergency preparedness.

Budget 2016 also provides an additional \$19 million to improve resource permitting and support work with First Nations and improve consultation.

Resource development is vital to our economy, but we're also mindful that this must be balanced with the needs of our environment, our First Nations and our communities.

This funding is being provided to the Ministries of Aboriginal Relations and Reconciliation, Environment, Forests Lands and Natural Resource Operations, and Natural Gas Development to help them work together as they support responsible use of natural resources in the province.

This funding support includes First Nations engagement and consultation, as well as engagement and consultation with industry, community and other stakeholders.

WHY WE DO IT — SOCIAL INVESTMENTS

We are working to balance the budget, build a vibrant economy and ensure our communities are strong and protected.

Madam Speaker, these are great goals, and the experts and the data confirm that we are on the right track.

However, we don't do it for the accolades of credit rating agencies, though they are nice to have.

This is a province with almost 4.7 million people who all rely on government to some extent to meet some fundamental needs.

People want to be healthy and happy, they want to provide a good life for themselves and their families, and they want to know how to get help when they need it.

At the most fundamental level, government's job is to help provide for these needs, and with a balanced budget, and particularly with reduced debt servicing costs, we are now in a position to do more to help people who need an extra hand.

For British Columbia's most vulnerable citizens, the strength and flexibility of our social safety net is vital to health, happiness and even survival.

Children and Families

That's why *Budget 2016* is providing an additional \$673 million over the next three years to the Ministry of Children and Family Development and the Ministry of Social Development and Social Innovation to support families and individuals most in need.

No child should have to live in poverty and uncertainty, and government has an amazing staff of dedicated professionals who, along with countless dedicated individuals in service agencies, foster families and other areas of support, have spent their careers on the frontlines working to make life better for these children.

This is some of the most important work there is, and in *Budget 2016* we are doing more to help them get that job done.

This budget provides an extra \$217 million over three years for the Ministry of Children and Family Development to go towards helping our most vulnerable children and families, including implementing recommendations in the Plecas report.

This new investment will fund more than 130 new staff, including 100 additional frontline social workers, resources for further training, quality assurance, and technology.

And more specifically, this new investment includes:

- \$152 million to strengthen programs and services that provide for the welfare of children and youth, including child protection, children and youth in care, and family supports.
- \$11 million to support child care centres.
- \$51 million for children and youth in care with special needs, as well as autism programs, to meet increasing demand in that area.
- \$3 million over three years to support adoption service and facilitate the adoption of children in care.

And it's not just government that wants to do more for our most vulnerable children.

Agriculture measures

To promote and acknowledge the generosity of our agri-food sector, effective tomorrow a new non-refundable farmers' food donation tax credit is being introduced.

The tax credit is available to individuals and corporations that carry on the business of farming and donate a qualifying agricultural product to a registered charity that provides food to those in need or helps to operate a school meal program.

As well, funding will continue for the B.C. Agriculture in the Classroom Foundation to ensure the continuance of the school fruits, vegetable and dairy program, which now serves fresh B.C. agricultural products to 549,000 students in more than 1,400 First Nations and public schools.

Social Development and Social Innovation

We are also making sure our social safety net is there for other vulnerable British Columbians.

That is why *Budget 2016* provides an extra \$250 million over the next three years to the Ministry of Social Development and Social Innovation for individuals and families in need, addressing caseload pressure for temporary income assistance, disability assistance and related supplementary benefits.

An additional \$36 million over three years is being provided to Community Living BC to support services for individuals with developmental disabilities and their families, and to address continued caseload growth and demand for services.

There is a measure of independence in daily life that many of us take for granted.

To support the goals established in Accessibility 2024—this government's plan to make B.C. the most progressive province in Canada for people with disabilities—*Budget 2016* provides \$170 million over three years to increase income assistance rates for Persons with Disabilities. This increase in rates will take effect Sept. 1, 2016.

In addition to being challenged by rates that haven't changed in a number of years, depending on where you live, you may or may not receive assistance for a basic need like transportation costs.

Some get \$52 for a bus pass. Others get a special transportation subsidy. Almost half of those on disability assistance, roughly 47,000 people, get nothing.

We think that's unfair, and we think all British Columbians...no matter where they live...deserve to have their need to move about taken into account.

That's particularly true for those with disabilities.

Disability Assistance is there to promote greater independence for people with disabilities, and transportation is fundamental to independence.

Rather than providing a transportation subsidy that only benefits some, effective Sept. 1, irrespective of where they live, those on disability assistance will be receiving an increase—up to \$77 per month and the freedom to make their own choice about how to meet their own unique transportation needs.

This won't eliminate the challenges those living with disabilities face, and it won't suddenly make life easier, but we hope it will help make life a little less hard.

The measure of any society is reflected in the degree to which it is willing to help the most vulnerable and create the kind of supports that will truly make a difference in their lives.

For these British Columbians, we want to be able to provide the help they need to be happy, healthy, productive and as independent as possible in their lives.

That's what our social safety net is there for.

HEALTH MINISTRY SPENDING

In fact, Madam Speaker, we all use our social safety net at one time or another, and that is particularly true when it comes to our health care system.

British Columbia is recognized as a Canadian leader in health and wellness.

The Conference Board of Canada's report on health ranks B.C. as third in the world for health performance, behind only Switzerland and Sweden, and is ranked the number one province in Canada.

This high ranking reflects the priority government places on the health and quality of life of British Columbians—successes achieved while maintaining among the lowest per capita health care spending in the country.

It's also a reflection of a growing awareness on the part of British Columbians themselves that by far the biggest determinant of health outcomes is the decisions we make about our own lifestyles... healthy diets and staying active.

Budget 2016 continues to add more dollars to health care with \$3.2 billion of additional funding overall for the Ministry of Health in the next three years compared to its 2015-16 budget.

In the third year alone, we forecast an increase of \$560 million compared to the previous year, bringing the annual ministry budget to a forecast \$19 billion in 2018-19.

By comparison, when I arrived in this place exactly 22 years ago tomorrow, the health budget was \$6.4 billion.

And for those facing the scourge of mental illness, this Budget adds to the \$1.4 billion already being spent on mental health treatment and supports.

In addition, we've allocated \$101 million to construct a 105-bed mental health facility in Coquitlam to help patients who are severely addicted and mentally ill.

This Coquitlam facility will complement the services that are available or will soon be available at:

- Greta & Robert H.N. Ho Centre for Psychiatry and Education (HOpe Centre) at Lions Gate Hospital, North Vancouver.
- Joseph and Rosalie Segal Family Health Centre at Vancouver General Hospital.
- Maples Treatment & Provincial Assessment Program, Coquitlam.
- Royal Columbian Hospital—mental health facility, New Westminster.

MSP CHANGES

Madam Speaker, British Columbians enjoy world-class health care but this care comes at a cost.

In fact, total spending on health across all ministries is already forecast to be nearly \$20 billion.

And MSP premiums fund only a small part of that investment, and those premiums should be distributed fairly, equitably, and in a way that makes sense.

That's why starting Jan. 1, 2017, we will be changing MSP premiums and enhancing premium assistance to improve fairness and help B.C. families with the cost of living.

To begin with, all children will be exempted from MSP premiums and the monthly rate for each household will be based only on the number of adults. An adult couple will pay twice the single adult rate.

This will be of particular advantage for single parent families, who often have to work much harder to do more with less.

Under these changes, a household with one parent and two children will be charged the single adult rate, rather than the three-person rate as they are today. At a minimum, this family will save \$864 per year and, depending upon income, could save up to \$1,224 per year.

We are also investing an additional \$70 million annually to enhance premium assistance, helping more lower-income families, seniors and individuals qualify for reduced rates.

This change means that:

- a couple will be able to earn up to \$45,000 and qualify for reduced premiums.
- a single parent with two children will be able to earn up to \$48,000 and qualify for reduced premiums.
- a couple with two children will be able to earn up to \$51,000 and qualify for reduced premiums.
- and a senior couple will be able to earn up to \$51,000 and qualify for reduced premiums.

I know that some people have advocated eliminating separate MSP premiums altogether. But burying MSP into instruments of general taxation doesn't make them go away. It merely hides them and may create for some the illusion that health care is free, which it certainly isn't.

By making children free and expanding premium assistance, an additional 335,000 people will see their premiums reduced, including 70,000 single parent families. An additional 45,000 people will no longer pay MSP premiums at all.

All told, these changes mean nearly two million British Columbians, or more than 40% of the population, won't pay MSP premiums, and an additional 335,000 British Columbians will be eligible for reduced premiums.

HOUSING AFFORDABILITY

Madam Speaker, one of the most basic needs in life...one that makes so many of life's ups and downs easier to bear...is knowing you have a home to go to at the end of the day.

Is there anything more reflective of who we are as Canadians than the dream of owning a home... and the ability to make that dream a reality.

For many B.C. families, that reality has become harder to achieve in recent years as home prices have continued to rise.

British Columbians are seeking explanations and solutions for a sharp rise in the price of homes in some areas of the province—particularly the Lower Mainland.

And the truth is that despite what many people seem to think, the causes of rising property values are complex and really can't be attributed to any single factor.

One of the ways we can better understand what's actually driving property prices in the province, is to collect additional data on purchasers.

The government stopped collecting data that specifically identified foreign purchasers in 1998. We believe there is a legitimate need to resume that process again.

Therefore, beginning in the 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.

Let me be clear however: Our laws allow non-residents to own property and our government continues to welcome, indeed encourages, those who choose to come to our province to invest, create new jobs, and hopefully make their lives here and contribute to the social and economic fabric of our communities.

We are proud of the diversity in our communities. That diversity makes us stronger.

As a government, we are committed to working on solutions to the affordability of housing, but we also have to be cautious to ensure we create a plan that will truly create positive change.

That means we cannot simply focus on measures to help more people enter the market without also striving to increase the available supply of housing to meet that new demand.

Without an increase in housing supply, there will simply be more buyers competing in the same market, ultimately driving prices even higher.

All governments and stakeholders have to work together to make sure the supply is there to meet increased demand.

Since being introduced by the Vander Zalm government in the 1980s, the basic calculation and thresholds for the Property Transfer Tax remained unchanged despite dramatically increased property values.

That will change effective Feb. 17, 2016. The purchase of a qualifying new home valued at up to \$750,000 will become totally exempt from the Property Transfer Tax.

Again, that's new housing...new additions to the housing supply and it represents a saving to the purchaser of that new home of up to \$13,000.

The cost of this measure to the Treasury will be offset by adding a third tier to the property transfer tax rate, increasing the rate from 2% to 3% on the value of property above \$2 million.

Once again this year, *Budget 2016* holds the line on provincial school and rural-area residential property taxes, following our long-standing policy of setting property tax rates so that taxes increase only by the rate of inflation.

We will also help individuals with disabilities with the rising cost of their special needs by providing the Home Renovation Tax Credit to those with disabilities.

This is a tax credit that provides \$1,000 annually to help with the cost of certain permanent home renovations that improve accessibility, mobility or functionality in a home.

We can help more people afford to purchase a home, but municipalities must also do their part on the supply side.

That means reducing red tape, costs and fees, as well as ensuring developments can be approved in a timely fashion.

Regrettably, there are reports of some local governments taking up to two years to approve a residential housing development.

That means in some municipalities, even if a builder were to put in an application tomorrow, you wouldn't see shovels in the ground until early 2018.

Some local governments are already doing a good job of trying to move their processes forward to get housing approved.

Penticton, for example, recently concluded a three-way agreement that is adding 70 units of housing for low to moderate income families and individuals.

We need more of this kind of collaboration, and I urge municipal leaders to work together through UBCM to share best practices and find ways to streamline these processes.

Municipal leaders responsible for local zoning regulations and regional directors responsible for planning must also contribute by using the tools at their disposal to help improve the supply of new housing at prices that are affordable.

Although many are urging the provincial government to step in legislatively to address these issues, we see this as a last resort and believe that if the will truly exists, local governments will do their part to help make the dream of home ownership a reality for more British Columbians.

While we work to help more British Columbians work towards owning a home, we must not overlook the many low-income and vulnerable British Columbians for whom home ownership will remain a dream.

Budget 2016 includes new taxpayer-supported infrastructure spending of \$355 million by the BC Housing Management Commission over the next five years.

This new program will increase the supply of housing across the province through the construction and renovation of more than 2,000 units of affordable housing for people with low to moderate incomes.

We have worked to identify a number of projects through the Provincial Investment in Affordable Housing Initiative that can proceed quickly, so more vulnerable British Columbians will have a roof over their heads as quickly as possible.

These projects will help those at risk of homelessness, low-income families and individuals, seniors and aboriginals.

Having a safe and secure place to call home is a basic human need, and it's one we are committed to continuing to work on so that all British Columbians have that same opportunity for a place to call home.

B.C. TRAINING AND EDUCATION SAVINGS PROGRAM

And within those homes will reside our most valuable asset of all...our children.

And we know that with the exception of the love and care they receive from their parents and families, the greatest determinant of their success, including owning their own home one day, is the access they have to post-secondary training.

Back in 2013, we announced the BC Training and Education Savings Program, which provides a one-time \$1,200 grant to the Registered Education Savings Plans of eligible B.C. children born on Jan. 1, 2007, or later.

Thousands of families have already taken advantage by establishing an RESP and registering for this program that helps parents plan and save early for their child's education after high school so they can get the training they need to succeed.

This year, we will be spending \$39 million to extend the program to eligible children born on or after Jan. 1, 2006, so that an additional 40,000 plus children are better positioned to make their dreams a reality.

B.C. PROSPERITY FUND — TODAY'S PROSPERITY, TOMORROW'S PROMISE

Madam Speaker, *Balanced Budget 2016* is a budget for a province poised to take advantage of our opportunities:

- Four successive balanced budgets.
- The strongest growth forecast among provinces.
- On track to eliminate our direct operating debt.
- Services that support our citizens.
- A plan to enhance and continue diversifying and growing our economy to create good, family-supporting jobs.

Recognizing our province is on a positive path and generating dividends from that success, our government will this year keep a commitment made to British Columbians.

Budget 2016 will establish a B.C. Prosperity Fund, with an inaugural commitment of \$100 million from the forecast 2015-16 surplus.

The Prosperity Fund will be long-term legacy intended to:

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

As we continue to ensure a balanced budget provides surpluses, so too will we ensure a portion of those surpluses will be set aside to benefit future generations.

The first priority will continue to be reducing our borrowing requirements and retiring taxpayer-supported debt—a minimum of 50% of each year's allocation to the fund will be devoted to reducing the burden of taxpayer-supported debt on future generations.

We will have a modest opportunity to make investments in health care, education, transportation or other priorities that provide long-term benefits to British Columbia.

And a minimum of 25% will remain in the fund to grow and serve as an endowment for future generations.

While today's initial investment is modest, future government surpluses and anticipated future revenues will help grow the savings over time.

A lasting legacy of today's prosperity and responsible fiscal management to support and ensure the prosperity of British Columbians in the future.

CONCLUSION

So...we're on track! We're balanced! We're strong! We're better equipped than any other jurisdiction in Canada to deal with the looming uncertainty and economic headwinds we see building internationally! We're leading the nation!

And the "experts" hail us as the envy of the nation and the example that others should follow.

That's great news...but with the greatest of respect to the economists and rating agencies, it's not what motivates us each day and drives us forward.

No... for that we look to an entirely different kind of report card...the one issued by British Columbians themselves.

Like the report card issued by Chief Jonathan Kruger of the Penticton Indian Band when he commented upon the success of the Band's Development Corporation:

"We're breaking records every year for the amount of band members working. The sub-trades are really busy and it's a good injection into the local economy."

"It's great to see so many young people working. It really warms my heart and gives them an opportunity to live better lives. It will mean better services and infrastructure for our community, like streetlights, sidewalks, schools and language programs."

Or the remarkably poignant report card issued by Jodi, a single parent, describing the single parent employment initiative:

"If it wasn't for this program, I don't know where I would be career-wise right now. The fact they are able to contribute to child care, living expenses, travel expenses and your general income is just amazing.

"There is nothing more satisfying than knowing that I will be able to build a better life for my kids once I graduate. I want my children to know that if you really dedicate yourself to something, you can go somewhere in life. And I want to encourage other single parents on assistance to join the program, find a career and have hope."

No ... triple-A is important but not just because of what it says about us to the rest of the world. Within B.C. triple-A has another meaning...accountable, assured, advancing.

The BC advantage is back! Earned and re-established by British Columbians themselves through their hard work, their discipline, and their determination.

Today we can reflect proudly on the example we are setting for our children and for our country as we lead Canada into a future where the hopes, dreams and aspirations of all can become a reality...and that's a report card we can all celebrate!