

MAKING LIFE BETTER

BUDGET 2019



First Steps: *Budget 2017 Update*

***Budget 2017 Update* addressed urgent needs and took action to make life more affordable by:**

- Investing over \$1 billion to begin restoring underfunded services, including better schools and improved health care
- Raising income assistance for the first time in 10 years and taking action on the overdose crisis with a \$322 million investment
- Ending the practice of hiking MSP premiums, cutting them in half
- Eliminating tolls on the Port Mann and Golden Ears bridges

Historic Investments: *Budget 2018*

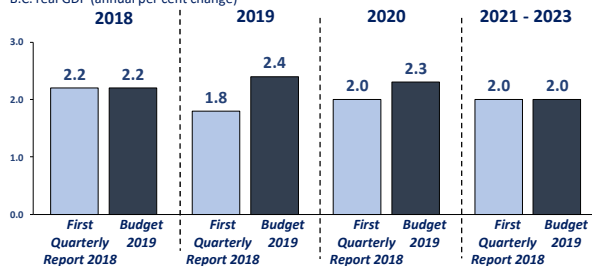
Budget 2018 invested in the people who build our province and worked to make their lives more affordable by:

- Starting to tackle the housing crisis to make sure people can afford to live in the communities they call home with a \$7 billion investment over ten years and other measures to moderate the market
- Launching a made-in-B.C. child care plan, transforming child care and families' lives with a \$1 billion investment over three years
- Committing \$1.5 billion to the health care system
- Reinstating seniors discounts and freezing ferry fares
- Investing in building the roads, schools, housing and hospitals people need with the biggest capital plan in B.C. history

B.C. Economic Outlook

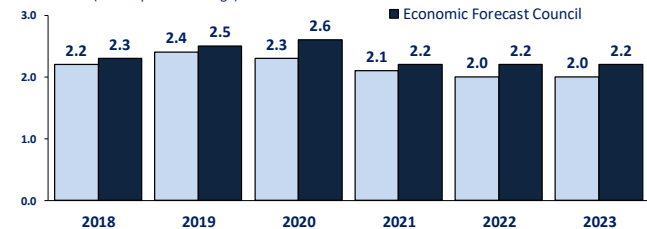
Changes to Ministry's Economic Forecast

B.C. real GDP (annual per cent change)



Prudent Economic Forecast

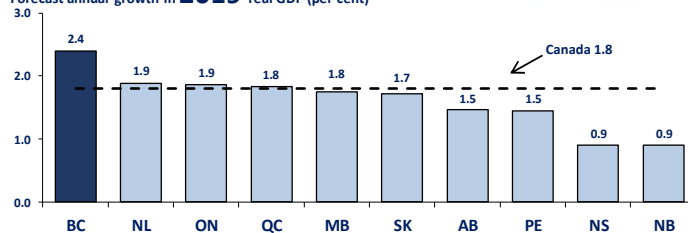
B.C. real GDP (annual per cent change)



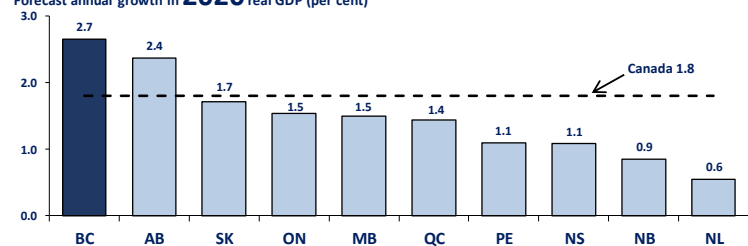
Note: First Quarterly Report 2018 forecast for 2021 - 2023 is for the years 2021 - 2022 and Economic Forecast Council projection for 2021 to 2023 is based on the period average.

Private Sector Economic Growth Expectations

Forecast annual growth in **2019** real GDP (per cent)



Forecast annual growth in **2020** real GDP (per cent)



Source: Private Sector Average (Economic Forecast Council subset consisting of BMO, CIBC, National Bank, RBC, Scotiabank and TD) as of February 6, 2019

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2018/19 Updated Forecast

The updated 2018/19 forecast projects a surplus of \$374 million

Key changes include:

- Lower commercial Crown net income from ICBC and BC Hydro
- Increased fire management and flood-related costs
- Higher tax credit expenses, primarily film tax credits
- Supplementary estimates

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A Balanced Budget

(\$ millions)	Updated Forecast 2018/19	Budget Estimate 2019/20	Plan 2020/21	Plan 2021/22
Revenue	56,636	59,047	60,038	62,458
Expense	(55,762)	(58,273)	(59,451)	(61,573)
Forecast allowance	(500)	(500)	(300)	(300)
Surplus	374	274	287	585
Capital spending:				
Taxpayer-supported capital spending	4,771	6,340	6,837	6,911
Self-supported capital spending	4,192	4,274	3,333	3,361
	8,963	10,614	10,170	10,272
Provincial Debt:				
Taxpayer-supported debt	43,957	46,384	50,454	53,986
Self-supported debt	23,459	25,664	26,905	28,090
Total debt (including forecast allowance)	67,916	72,548	77,659	82,376
Taxpayer-supported debt to GDP ratio	14.9%	15.0%	15.7%	16.1%
Taxpayer-supported debt to revenue ratio	78.4%	81.5%	87.0%	89.6%

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Budget 2019: Making Life Better

Budget 2019 puts people first and takes action to make life more affordable, improve services, and build a strong, sustainable economy

Government is making life better for British Columbians, by:

- Investing over \$1 billion in creating opportunity for people, by:
 - Creating the B.C. Child Opportunity Benefit
 - Eliminating interest on B.C. student loans
 - Enhancing supports for people who need them the most
- Fully eliminating MSP premiums
- Reducing the tax burden on middle class British Columbians and businesses
- Moving forward with CleanBC to meet our climate commitments
- Making a historic investment to advance reconciliation

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The B.C. Child Opportunity Benefit

Budget 2019 introduces the new B.C. Child Opportunity Benefit:

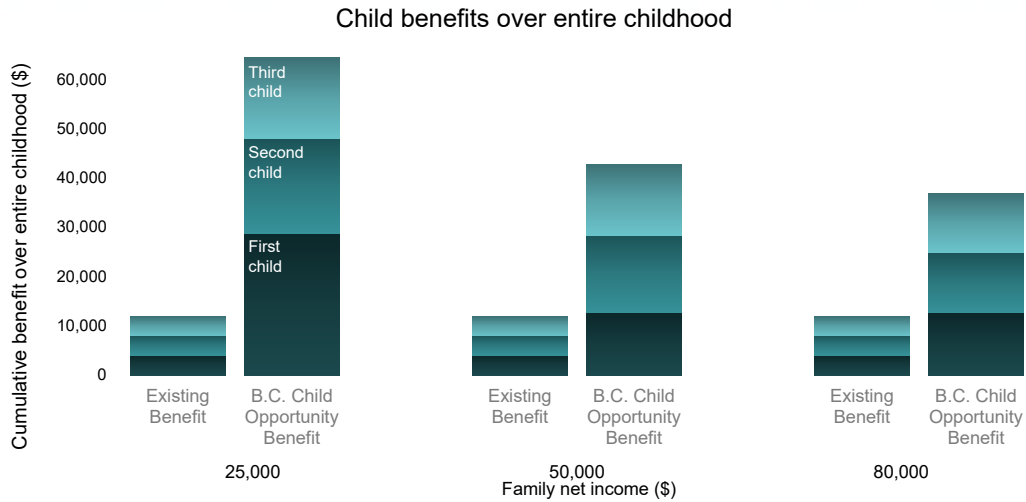
- A nearly \$400 million total investment in B.C. families
- The benefit annually provides up to:
 - \$1,600 for one child
 - \$2,600 for two children
 - \$3,400 for three children
- Available for children up to the age of 18
- Over the course of a child's upbringing, families with one child will receive as much as \$28,800

The B.C. Child Opportunity Benefit

	Maximum <u>annual</u> benefit		Maximum benefit over <u>entire childhood</u> *	
	Existing Benefit	New B.C. Child Opportunity Benefit	Existing Benefit	New B.C. Child Opportunity Benefit
One child	660	1,600	3,960	28,800
Two children	1,320	2,600	7,920	48,000
Three children	1,980	3,400	11,880	64,400

* Calculation assumes each child is born two years apart.

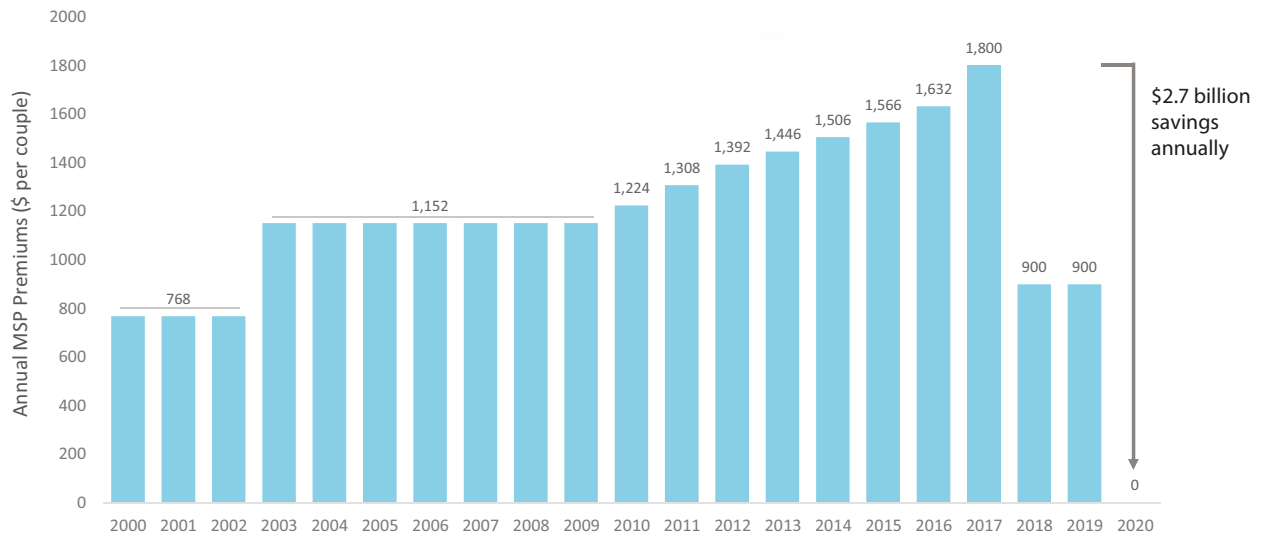
The B.C. Child Opportunity Benefit



Making Life More Affordable

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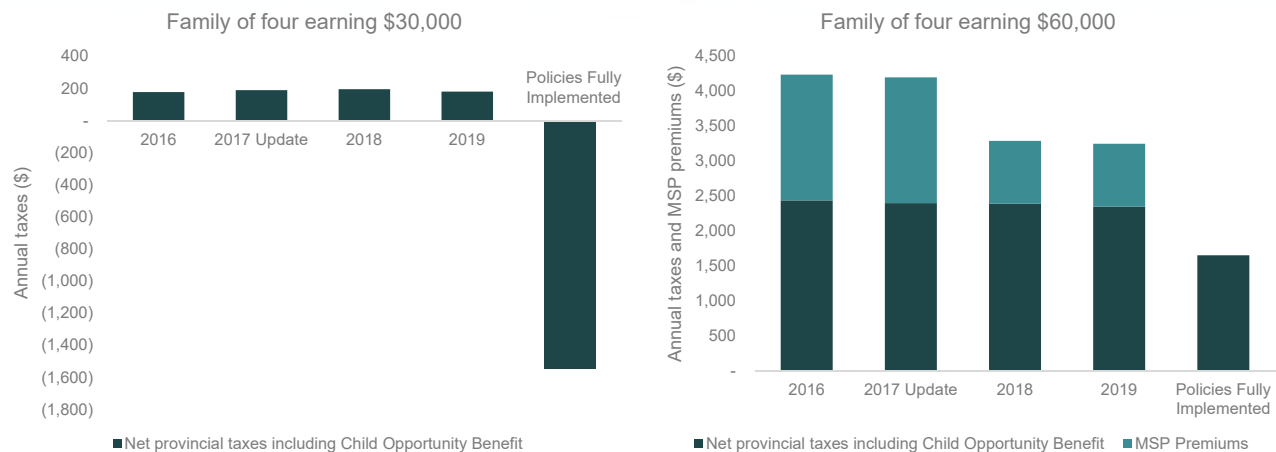
Eliminating MSP Premiums



Making Life More Affordable

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Lowering Taxes for Families



Enhancing Supports

New actions to support people experiencing poverty include:

- Effective April 1, 2019, increasing income and disability assistance rates by \$50 per month, for a total increase of \$150 per month, or \$1,800 per year, since *Budget 2017 Update*
- Removing barriers to accessing assistance through the B.C. Employment Assistance Program
- Ensuring children in care are not left behind by increasing support payments for foster parents

Housing and Homelessness

Budget 2018 introduced our 30-point plan for housing affordability and made a historic investment of \$7 billion over 10 years

Budget 2019 provides an additional \$24 million for ongoing investments, and \$76 million for a province-wide homelessness action plan to:

- Implement a supportive housing response strategy and build 200 more modular units
- Strengthen assistance programs to support those at risk of homelessness
- Conduct a province-wide homelessness count in 2020

And, in the current fiscal year, we are providing:

- \$10 million to establish provincially supported rent banks to provide housing security
- \$38 million to accelerate grants to housing providers to reduce borrowing costs and improve the range of affordable market rents

Child Care

Budget 2018 made a historic investment of \$1 billion over three years to make quality child care more available and affordable, including:

- Introducing the Affordable Child Care Benefit
- Introducing the Child Care Fee Reduction Initiative
- Providing funding to create an additional 22,000 licensed child care spaces

Budget 2019 continues these initiatives, providing an additional \$27 million over the fiscal plan to support child care programs

Eliminating Interest on B.C. Student Loans

- The average undergraduate borrower in B.C. graduates with \$28,000 in federal and provincial student loans
- As of today, interest will no longer accrue on new and existing student loans provided through the British Columbia Student Loan Program
- This \$318 million investment will save thousands of dollars for British Columbians
- This will save an undergraduate borrower \$2,300 in interest charges

Investing in Health Care and Education

Over \$1.3 billion to improve health services and patient outcomes:

- Enhancing health care services for families, women and children
- Increasing cancer treatment access for thousands of patients

New integrated mental health and addictions services:

- Increasing prevention and early intervention for children and youth
- Increasing emergency services capacity and access to take-home naloxone kits

Over \$550 million to improve classrooms for children:

- Hiring over 4,000 new teachers since 2017

Enhancing Business Competitiveness

- Moving forward with \$800 million in business tax reductions over the course of the fiscal plan to support investment in new plants and equipment, joining with the Government of Canada to boost our competitiveness
- To help support businesses, we've cut the small business corporate income tax rate from 2.5% to 2%, a 20% reduction
- As of April 2019, we will have eliminated PST for business on non-residential electricity. This will save businesses in B.C. \$150 million annually

CleanBC

Putting our province on the path to a cleaner, better future through a historic \$902 million investment in:

- Making cleaner transportation options more affordable and investing in the development of the supporting infrastructure
- Increasing energy efficiency in homes and buildings
- Providing Indigenous and remote communities with support to transition to clean energy sources
- Supporting industry in reducing carbon emissions
- Increasing carbon tax relief

Reconciliation

***Budget 2019* takes historic action to move forward on the path to reconciliation with:**

- **Revenue sharing with First Nations**
 - Stable, long term funding of over \$3 billion over 25 years to support true and lasting reconciliation
- **Improving the Extended Family Program**
 - Family caregivers will receive a 75% increase to support payments, responding to recommendations from Indigenous communities and Grand Chief Ed John

Investing in Communities

Committing \$100 million for the Northern Capital and Planning Grant:

- To help local governments on the LNG corridor meet current and future infrastructure needs

Connecting communities:

- \$50 million to connect rural and Indigenous communities to high speed internet service
- Helping people get where they need to go with improved handyDART services in both rural and urban communities
- Improving safety for commuters on our highways and bridges

Wildfire response:

- \$60 million for the Community Resiliency Investment Program to reduce wildfire risk
- \$111 million over three years to increase wildfire response and control capacity

Supporting Local Economies

Improving access to skills training and supporting our workforce by investing \$44 million to:

- Remove barriers for people to access training and enter trades
- Expand access to health care and technology training
- Update employment standards to protect vulnerable workers

LNG:

- Our government has facilitated the largest private sector investment in Canadian history with LNG Canada – worth \$40 billion, of which \$24 billion will be spent in B.C.
- The project will create up to 10,000 jobs during construction and up to 950 permanent jobs

Sustainable Economic Development

Budget 2019 supports sustainable economic development:

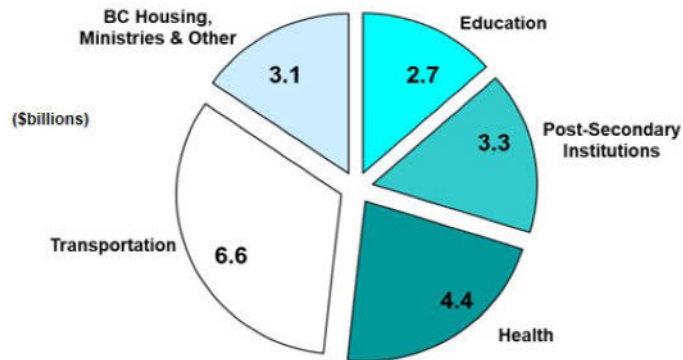
- Funding for Coast Forest Sector Revitalization
- New resources for environmental assessment process revitalization
- Increased investment in environmental monitoring and oversight
- Investing in enhanced regulatory oversight for the mining sector

Budget 2019 also gives certainty to the mining sector:

- Flow-through share tax credit made permanent
- Mining exploration tax credit made permanent

Building British Columbia

- Three-year taxpayer-supported infrastructure spending totals \$20.1 billion
- Construction of schools, roads, hospitals and post-secondary institutions will support tens of thousands of jobs during construction



Building a Strong and Sustainable Economy

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Budget 2019

B.C. is expected to lead the country in economic growth in 2019 and 2020

Budget 2019 makes life better by:

- Investing in people's priorities while balancing the budget
- Making life more affordable for British Columbians
- Creating opportunity so that everyone can reach their full potential
- Investing in people today and creating a better, more secure future

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Ministry of
Finance