

A STRONGER BC, FOR EVERYONE

BUDGET 2020: A BALANCED PLAN TO KEEP BC MOVING FORWARD



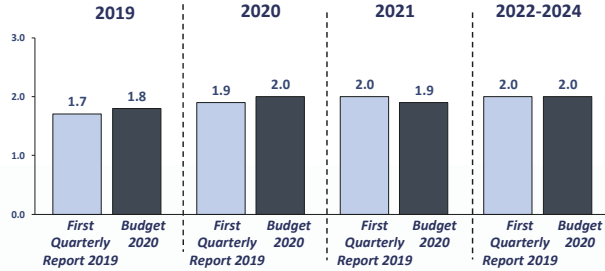
2019/20 Updated Forecast

- The updated 2019/20 forecast projects a surplus of \$203 million
- Key changes from the November Q2 forecast include:
 - Higher revenues from taxation and fees
 - Lower refundable tax credits
 - Higher statutory spending for fire management and other emergency preparedness
 - Statutory spending for *Sustainable Services Negotiating Mandate*
 - Increased contingencies forecast
 - Reduced forecast allowance

B.C. Economic Outlook

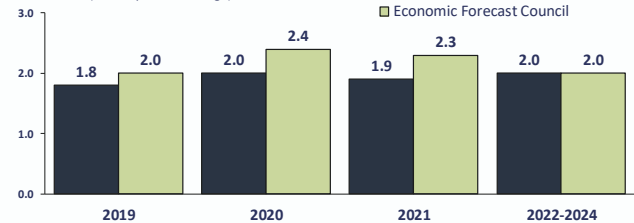
Changes to Ministry's Economic Forecast

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



Prudent Economic Forecast

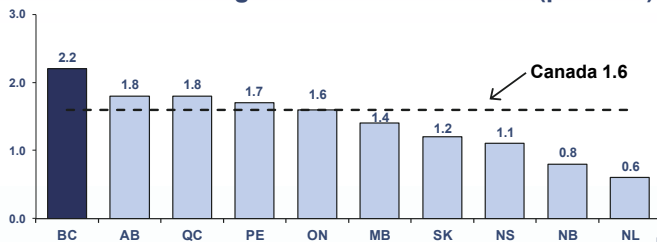
B.C. real GDP (annual per cent change)



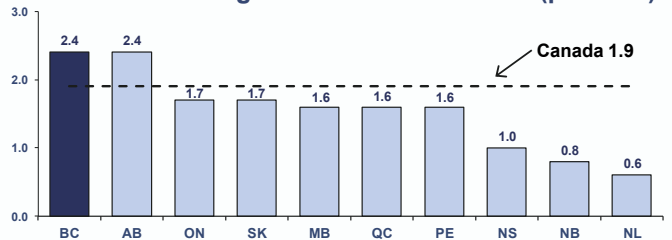
Note: First Quarterly Report 2019 forecast for 2022 to 2024 is for the 2022 to 2023 period; Budget 2020 and Economic Forecast Council projection for 2022 to 2024 is based on the period average.

Private Sector Economic Growth Expectations

Forecast annual growth in 2020 real GDP (per cent)



Forecast annual growth in 2021 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 5, 2020

BUDGET 2020 HIGHLIGHTS

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Budget 2020: A Stronger BC, for Everyone

- **Makes life more affordable, enhances the services people count on, and builds a strong and sustainable economy that works for everyone**
- **Prioritizes investments in childcare, housing, education, health and infrastructure to build a stronger B.C.**
- **Creates opportunities for individuals, families, businesses, communities and industry to keep B.C. moving forward**

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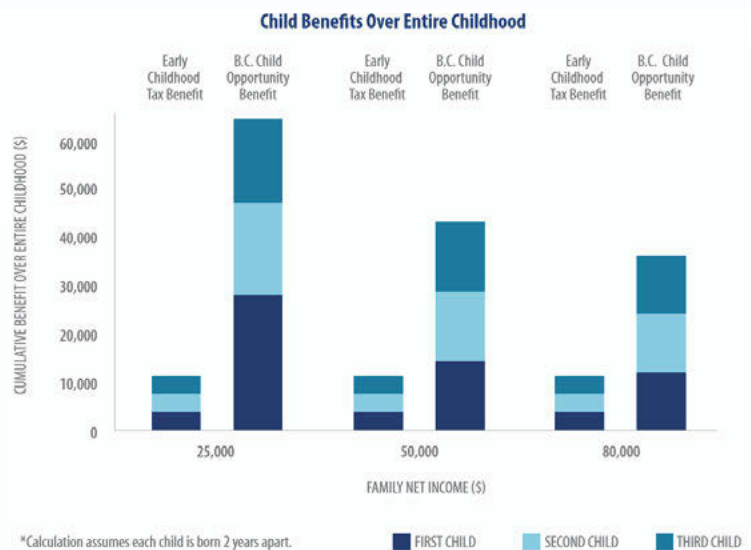
A Balanced Budget

(\$ millions)	Updated Forecast 2019/20	Budget Estimate 2020/21	Plan 2021/22	Plan 2022/23
Revenue	59,326	60,585	62,366	64,211
Expense	(58,823)	(60,058)	(61,887)	(63,537)
Forecast allowance	(300)	(300)	(300)	(300)
Surplus	203	227	179	374
Capital spending:				
Taxpayer-supported capital spending	5,248	7,126	7,399	8,390
Self-supported capital spending	4,301	3,409	3,204	3,119
	9,549	10,535	10,603	11,509
Provincial Debt:				
Taxpayer-supported debt	44,569	49,202	53,929	58,598
Self-supported debt	25,769	26,890	27,834	28,697
Total debt (including forecast allowance)	70,638	76,392	82,063	87,595
Taxpayer-supported debt to GDP ratio	14.6%	15.5%	16.3%	17.1%
Taxpayer-supported debt to revenue ratio	77.9%	84.1%	89.4%	94.4%

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More Opportunities for Children & Families

- BC Child Opportunity Benefit begins on October 1, 2020
- Provides more support to families for longer, with tax-free monthly payments to families with children under the age of 18
- Provides up to:
 - \$1,600 annually for one child
 - \$2,600 for two children families
 - \$3,400 for three children families

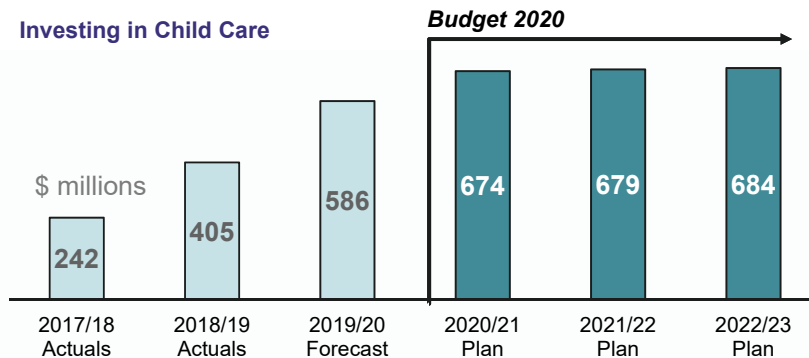


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Better, More Affordable Child Care

More access to quality care for children, lower fees for parents, and more opportunities for the early care and learning sector with total funding reaching over \$2 billion across the plan

Investing in Child Care



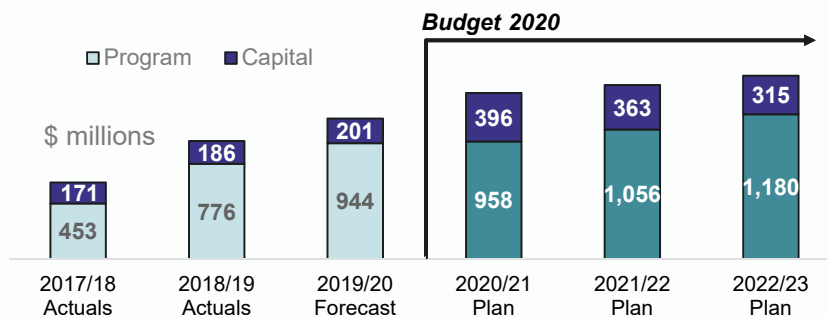
Over the past two years:

- ✓ 10,400 new, licensed spaces
- ✓ \$400 million in reduced fees for parents
- ✓ 28,000 children received care that cost less than \$10/day
- ✓ 5,400 bursaries for early childhood educators (ECEs)
- ✓ \$1-per-hour wage increase for 11,000 licensed ECEs with \$1 more in April 2020

Building More Affordable Housing

Improved access to housing with a total of \$4.3 billion over the plan including \$50 million over three years in new funding to support homelessness initiatives

Investing in Housing



Over the last two years:

- ✓ 23,000 new homes complete or underway
- ✓ 5,200 new mixed-income, affordable rental homes
- ✓ Limited the yearly allowable rent increase to the rate of inflation
- ✓ 1,165 new homes complete or underway for Indigenous peoples, on and off reserve

More Opportunities for Students

- **\$24 million over three years for new B.C. Access Grant**
 - Replaces existing grants with new, upfront, needs based grant with expanded program eligibility
 - Benefits more than 40,000 students

- **Investing in post-secondary technology programming**
 - Fulfills commitment to reach \$42 million annually by 2022/23
 - 2,900 new spaces in science, technology, engineering and mathematics (STEM)
 - By 2023, there will be 1,000 new STEM graduates

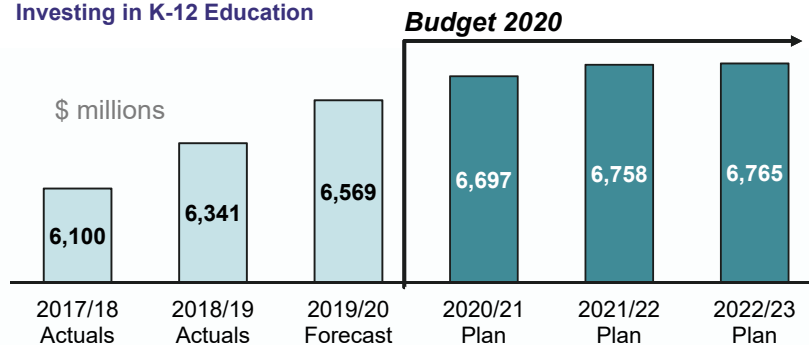
Builds on affordability measures over the last two years:

- ✓ Elimination of interest on B.C. student loans
- ✓ Tuition waivers for former youth in care
- ✓ Tuition-free adult upgrading and English Language Learning programs
- ✓ Graduate scholarships and women in technology scholarships

Improving Classrooms and Schools

More than \$20 billion total over the plan, including \$339 million in new funding to support student growth and more classroom resources

Investing in K-12 Education



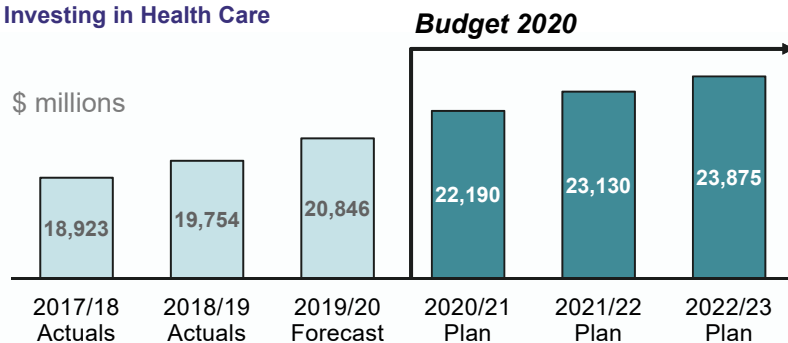
Over the past two years:

- ✓ Announced plans for 10,000 new student spaces to support growing communities
- ✓ 100 new playgrounds benefiting 25,000 students
- ✓ 4,200 new teachers, including 700 special education teachers through the Classroom Enhancement Fund
- ✓ Announced 39 new seismic projects, which will create more than 23,000 safer student seats

Delivering Faster, Better Health Care

More than \$69 billion for health services over the plan, including \$1 billion in new funding to improve the quality of health care, enhance patient outcomes and respond to the growing demand

Investing in Health Care



Over the past two years:

- ✓ Eliminated Medical Services Plan premiums
- ✓ Improved access to Pharmacare
- ✓ Launched primary care networks across B.C.
- ✓ Reduced wait times for surgeries and diagnostic services
- ✓ Announced 13 new or expanded hospitals

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Encouraging Healthy Choices

Expanding the PST to sweetened carbonated beverages at a rate of 7 per cent

- Research tells us that the biggest consumers of pop are teenagers between the ages of 14 – 18, with consumption of pop declining with age. The consumption of these beverages increases health care costs for the province
- This measure is a step in responding to repeated recommendations from a wide range of experts including:
 - Health professionals
 - The multi-party Select Standing Committee on Finance and Government Services
 - The MSP Task Force

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Helping People to Get Ahead

Over the three-year fiscal plan, *Budget 2020* provides new funding of:

- **\$20 million to increase earning exemptions for individuals and families receiving income or disability assistance**
- **\$131 million for caseload pressures for income, disability and supplementary assistance such as the Seniors Supplement, to ensure supports are available for those in need**
- **\$121 million for Community Living BC to extend and support continuity of services for adults with developmental disabilities, including increases to the respite rate for caregivers**
- **\$146 million for children and youth services such as autism programming supports for children and youth in care, and the cultural connections program for Indigenous children and youth in care**

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Enhanced Justice and Public Safety

Over the three-year fiscal plan, *Budget 2020* provides new funding of:

- **\$11 million to fund the public inquiry into money laundering**
- **\$71 million to enhance public safety and support services**
 - \$13 million to support victims of crime and their families
 - \$18 million to support public health and safety in cannabis implementation and compliance
 - \$17 million to improve staff and inmate safety and well-being in correctional centres
 - \$23 million for public safety in rural and First Nations communities and other crime prevention
- **\$212 million to support timely, inclusive and affordable access to justice**
 - \$57 million to ensure continuity of legal aid services
 - \$8 million to improve Indigenous peoples' experience with justice services
 - \$147 million for courts and other legal services, including for new or expanded court houses in Abbotsford, Surrey and Fort St. John

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A Balanced Plan

A new top marginal rate of 20.5 per cent introduced on the top one per cent of BC income earners

- This measure will impact BC tax filers with incomes above \$220,000
- Income earners below \$140,000 continue to generally pay the lowest personal income taxes among provinces
- Even with this new top rate, BC will have the third lowest income taxes among provinces for individuals earning up to \$475,000
- Nearly half the revenue from this tax increase comes from individuals with incomes above \$1 million

Expenditure Management

- Careful spending, prioritization of resources and finding efficiencies as part of prudent financial management
- Redirecting a modest amount of funding to invest in key priorities and essential services

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A Sustainable Economy for Everyone

- **\$419 million more invested in CleanBC including:**
 - \$35 million to support clean transportation, including the Go Electric BC program, charging stations, and electrification of public sector fleet and inland ferries
 - \$106 million to support building efficiency in public schools, universities, colleges and hospitals
 - \$155 million to continue the CleanBC Program for Industry
 - \$120 million to continue Climate Action Tax Credits
 - \$3 million to support B.C.'s Climate Preparedness and Adaptation Strategy
- **Builds on initial CleanBC investments in *Budget 2019* for a four-year total of nearly \$1.3 billion**

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Meaningful Reconciliation

- *Declaration on the Rights of Indigenous Peoples Act* affirms the Province's commitment to true and lasting reconciliation and recognizes Indigenous peoples rights for self-determination and as full partners and participants in B.C.'s economy
- *Budget 2019* made a historic commitment to share gaming revenue with First Nations which is estimated at \$3 billion over 25 years, including initial payment of \$195 million for 2019/20 and 2020/21
- *Budget 2020* meets commitment to revenue sharing which is projected to be \$96 million in 2021/22 and \$98 million in 2022/23 to First Nations communities to fund local priorities, from health and wellness, housing, infrastructure, training, environmental protection and economic development
- Provides new funding to create an Indigenous justice strategy and support cultural inclusion for Indigenous children and youth in care

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Investing in Communities

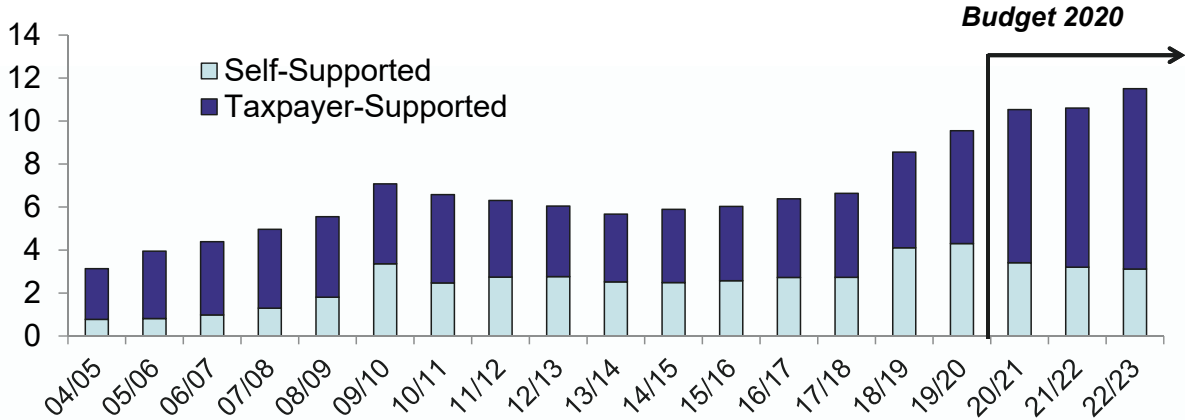
- Support for the forestry sector, communities and workers in transition as well as \$13 million in new funding to support economic development and revitalization in the forestry sector
- \$195 million more for fire management and emergency management – bringing the total to \$519 million over the plan – to better support people, communities and industry to respond to wildfires and natural disasters
- Partner with federal and local governments and First Nations to deliver infrastructure and economic expansion projects across B.C. communities, such as provincial funding to support the Investing in Canada Infrastructure Program

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Building for the Future

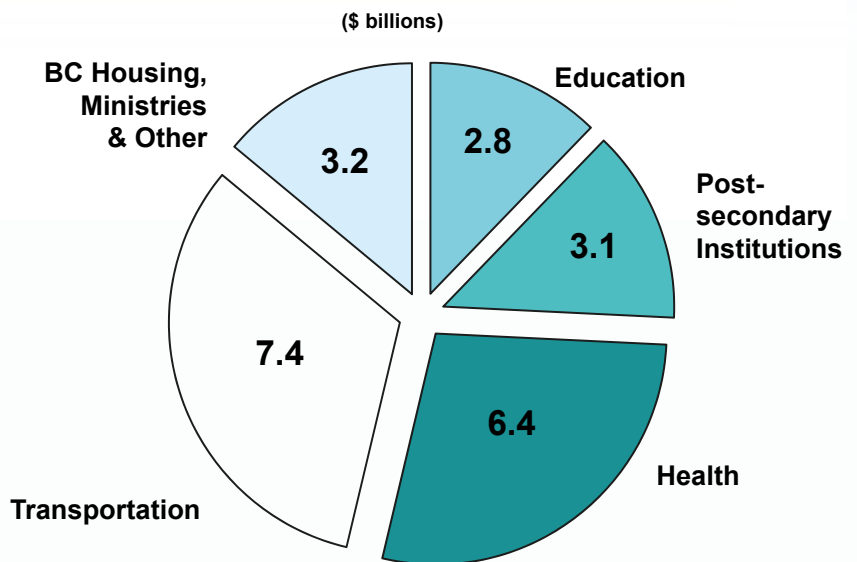
Benefits people, businesses and communities through job creation, improved access to services, and supporting trade corridors to keep goods and people moving

\$ billions



Infrastructure Spending Allocations

- \$22.9 billion in taxpayer-supported infrastructure over three years
- Supports a strong and sustainable economy with new roads, schools, housing and hospitals across B.C.



Budget 2020

***Budget 2020* makes a stronger BC for everyone by:**

- Creating opportunities for people to get ahead by making life more affordable
- Delivering a balanced budget while putting people and the services they count on first
- Investing in our future and our communities, in collaboration with First Nations, to build a clean, strong and sustainable economy that works for everyone

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Ministry of
Finance