

BUDGET
2022

Stronger Together

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2021/22 Updated Q3 Forecast

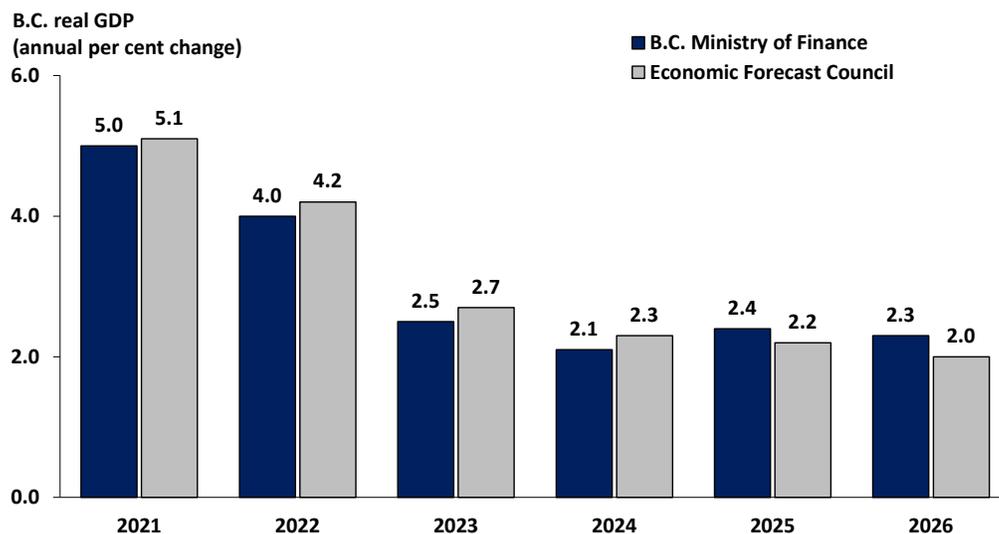
- The updated 2021/22 forecast projects a deficit of \$483 million, which is an improvement of \$1.2 billion from the *Second Quarterly Report*.
- **Key changes since Q2 include:**
 - Improvement in net income for ICBC,
 - Higher revenues from taxes, natural resources and fees,
 - Increased spending for wildfires, flooding, housing and shelter related costs.

Summary of Economic Forecast

- Data for 2021 shows better than expected performance in major economic indicators
- However, the recovery remains uneven across sectors and growth has been held back by recent challenges including:
 - weaker than anticipated growth among trading partners
 - emergence of Delta and Omicron variants
 - November floods and landslides
- **Budget 2022 projects a strong economic outlook over the forecast horizon as the economy continues to reopen and the service sector recovers**
- The main risk to the outlook continues to be the uncertainty regarding the evolution of the COVID-19 pandemic and the degree to which it will have lasting effects on provincial, national, and global economies

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Prudent Economic Forecast

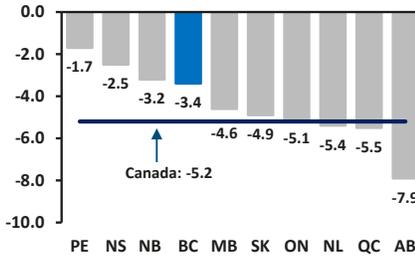


Sources: B.C. Ministry of Finance; Economic Forecast Council

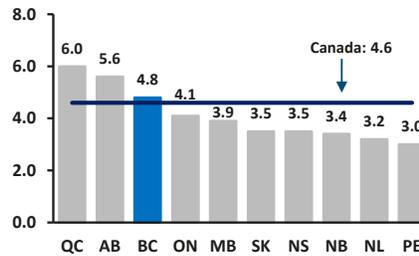
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Private Sector Growth Expectations For Provinces

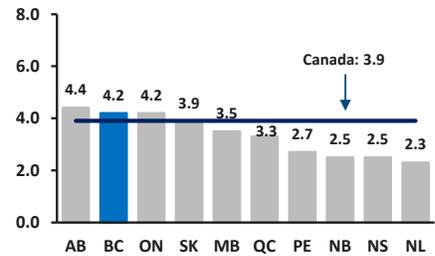
All provinces in recession in 2020
2020 Real GDP (annual % change)



Economic recovery across provinces last year
Real GDP forecasts for 2021 (annual % change)



Economic recovery across provinces this year
Real GDP forecasts for 2022 (annual % change)



Sources: Statistics Canada; Average of a subset of the Economic Forecast Council that regularly forecasts economic performance in all provinces (BMO, CIBC, National Bank, RBC, Scotiabank and TD) as of February 8, 2022.

Budget 2022 Highlights



Health care
Better access to physical and mental health care, including new UPCCs



Child care
Significantly reducing fees and delivering 40,000 new spaces



Capital infrastructure
Supporting 100,000 jobs by building schools, hospitals, housing, transit, highways and bridges



Reconciliation
Meaningful reconciliation with Indigenous Peoples, including 15 First Nations Primary Care Centres and a new Declaration Act Secretariat



Affordable homes
More affordable housing through our 10-year housing plan



Responding to Homelessness
Rent supplements, Complex Care housing and better supports for youth aging out of care



Fighting climate change
Rebates, incentives and new rules to help fight climate change through CleanBC



Climate preparedness
Protecting people and communities from climate-related disasters and emergencies



Stronger economy
Supporting and growing a sustainable economy that works for everyone



Skilled workers
Growing a strong, skilled workforce for the jobs of the future



Connecting B.C.
Bringing high-speed internet to more than 280 First Nations, rural and remote communities



Support services
Support for survivors of sexual assault with funding to more than 50 sexual assault centres

Budget 2022 Fiscal Plan

(\$ millions)	Updated Forecast 2021/22	Budget Estimate 2022/23	Plan 2023/24	Plan 2024/25
Revenue	70,220	68,552	70,177	72,325
Expense	(66,453)	(71,013)	(72,359)	(74,506)
Pandemic Recovery Contingencies	(3,250)	(2,000)	(1,000)	-
Forecast allowance	(1,000)	(1,000)	(1,000)	(1,000)
Deficit	(483)	(5,461)	(4,182)	(3,181)
Capital spending:				
Taxpayer-supported capital spending	7,157	9,279	9,333	8,815
Self-supported capital spending	3,828	4,374	4,437	3,144
Total capital spending	10,985	13,653	13,770	11,959
Provincial Debt:				
Taxpayer-supported debt	61,731	73,475	83,302	90,846
Self-supported debt	28,814	30,956	33,004	33,930
Total debt (including forecast allowance)	91,545	105,431	117,306	125,776
Taxpayer-supported debt to GDP ratio	17.8%	20.0%	21.8%	22.8%
Taxpayer-supported debt to revenue ratio	92.9%	110.9%	122.7%	129.8%

Highlights:

- ✓ **Declining deficits** of \$5.5 billion in 2022/23 to \$3.2 billion in 2024/25
- ✓ **Record \$27.4 billion in taxpayer supported capital spending** over the plan, a \$1.1 billion increase from *Budget 2021*
- ✓ **Taxpayer-supported debt to GDP ratio** improved from *Budget 2021*

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Advancing Meaningful Reconciliation

- **Ensuring reconciliation goals are woven throughout government decision-making**
- **Stronger Society**
 - Improving health through 15 Indigenous Primary Health Care Centres
 - Improving child care with funding for Aboriginal Head Start program
- **Stronger Economy**
 - A new Declaration Act Secretariat to bring all of the Province's work into harmony with the *Declaration on the Rights of Indigenous Peoples Act*
 - Creation of the Ministry of Land, Water and Resource Stewardship to align natural resource policy with the *Act*
- **Stronger Environment**
 - Support for Indigenous-led clean transportation initiatives and Indigenous bioeconomy businesses
 - Indigenous-led emergency management priorities

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STRONGER SOCIETY

Prioritizing Health

- **Prioritizing better health care through:**
 - \$875 million for COVID-19 pandemic health response
 - Better primary care through new Urgent and Primary Care Centres
 - Addressing the pandemic-related backlog and reducing wait times for surgeries and diagnostic imaging
 - Improving response times by increasing the number of paramedics and dispatchers
 - Providing better care through improving wages and stability for health support services workers
 - Supporting the delivery of mental health and addictions services

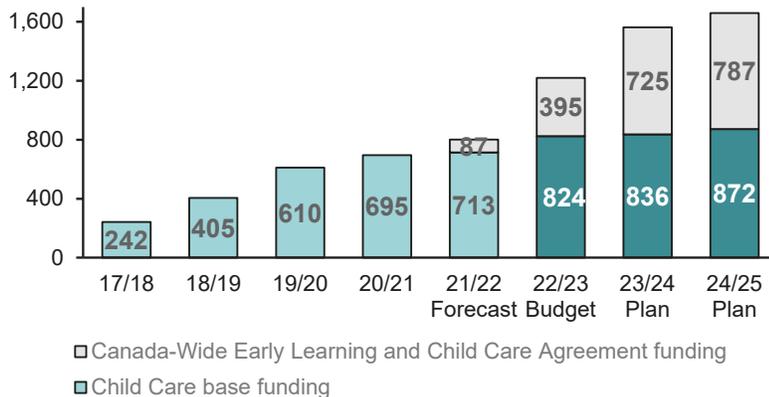
Supporting People Experiencing Homelessness

- **\$633 million over three years to prevent and respond to homelessness, including:**
 - Extending supports for youth in care to better support them and prevent homelessness
 - New rent supplements to provide housing with integrated supports in the rental market for 3,000 people
 - Expansion to at least 20 complex care housing sites for people with significant mental health, addictions or traumatic brain injuries experiencing or at risk of homelessness
 - Delivering permanent housing options for people housed in leased or purchased sites during COVID-19, including lease extensions
 - Doubling the number of community integration specialists to 190

Providing Affordable, Accessible and High-Quality Child Care

\$284 million for ChildCareBC, coupled with historic agreement with Canada, will advance all pillars of strategy

Operating Funding for Child Care Services (\$ millions)



- ✓ **AFFORDABLE**
 - Reducing average infant/toddler fees to approximately \$20/day
 - Reducing average school age fees to below \$20/day for 2023/24 school year
- ✓ **ACCESSIBLE**
 - 26,000 new spaces funded and announced
 - 40,000 new spaces in the next 7 years in partnership with Canada
- ✓ **QUALITY**
 - Expanded ECE wage enhancement
 - Additional ECE training seats and expanded dual-credit program

STRONGER ECONOMY

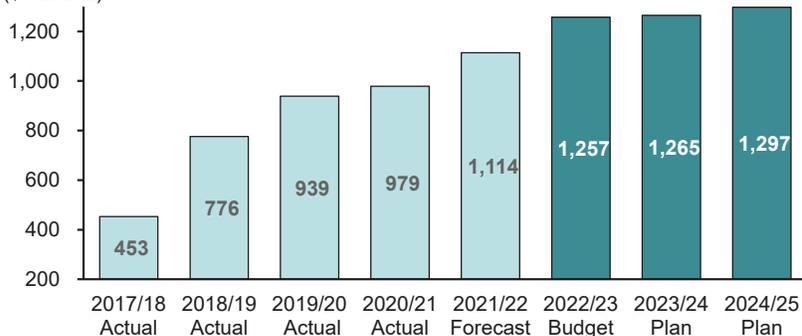
Transitioning to an Inclusive and Sustainable Economy

- **\$50 million for a new economic plan that will provide inclusive and clean growth**
- **\$195 million to support the growing life sciences sector**
- **\$289 million over five years to connect to more than 280 rural and Indigenous communities**
- **\$185 million over three years to help forestry communities and workers affected by old growth deferrals to transition to a more diversified economy**
- **\$18 million to make mining regulatory decisions more efficient and attract investment to B.C.**
- **\$67 million for skills training and job training initiatives**

Accelerating Growth in B.C.'s Housing Supply

Budget 2022 accelerates the development of affordable homes as part of the \$7 billion, 10-year *Homes for BC* strategy, with nearly \$1.3 billion in ongoing investments by the end of the fiscal plan

Operating Funding for Housing & Homelessness Supports
(\$ millions)



Highlights:

- ✓ **Over 32,000 new homes** completed or underway since 2018 as part of *Homes for BC*
- ✓ **\$100 million acceleration** of funding to develop mixed-income rental housing sooner
- ✓ **Increased project development capacity at HousingHub** to meet demand generated by \$2 billion in low-cost financing to create new affordable rental housing and homeownership options that was provided in 2021/22

STRONGER ENVIRONMENT

Protecting People and Communities from Climate-Related Disasters

- **\$1.5 billion to respond to flooding events and build back better**
 - Includes \$400 million in 2022/23 for Emergency Management BC to support people and communities
- **\$243 million to expand capacity and supports for BC Wildfire Service and Emergency Management BC and fund wildfire prevention work**
 - Adding capacity and improving facilities to combat wildfire and transition to a more proactive approach; and strengthening Emergency Management BC
- **\$83 million for the Climate Preparedness and Adaptation Strategy**
- **\$210 million for community preparedness and wildfire prevention and Indigenous-led emergency management priorities**

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Fighting Climate Change

- **More than \$1B for CleanBC and Roadmap to 2030:**
 - **Clean Transportation:** \$374 million for clean transportation initiatives such as ZEV rebates and fueling infrastructure, and active transportation PST exemption for used ZEVs and increase in luxury tax threshold on passenger ZEV vehicles
Motor vehicle fuel tax exemption for use of hydrogen in internal combustion engines
 - **Clean Industry:** \$348 million for clean industry and innovation, including funding to enhance the CleanBC Program for Industry
Increases budget of the small business venture tax credit for three years to encourage additional investment in clean technology businesses

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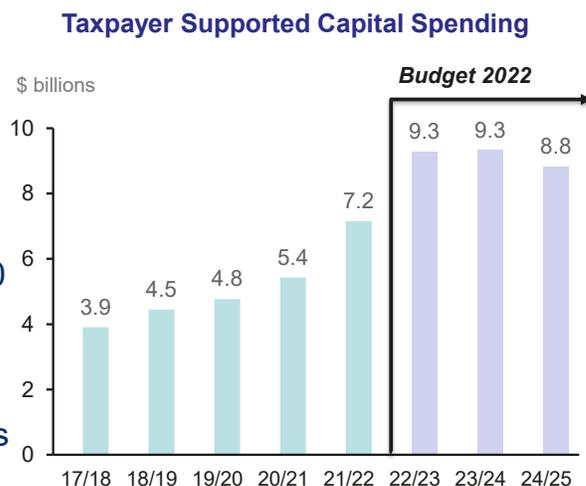
Fighting Climate Change

- **Clean Buildings:** \$112 million for clean buildings, including incentives for efficiency measures such as heat pumps
PST exemption for heat pumps and added incentives for rural and northern communities, paired with increase in PST for fossil fuel alternatives
Provides temporary Clean Buildings Tax Credit for multi-unit residential and commercial buildings to encourage early energy efficient buildings
- **Clean Communities and Land Based Activities:** \$76 million for clean communities through a new local government action program
\$37 million for land based measures in forestry and agriculture
- **Climate Action Tax Credit:** \$120 million to ensure affordability for families

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Building the Infrastructure That People Rely On

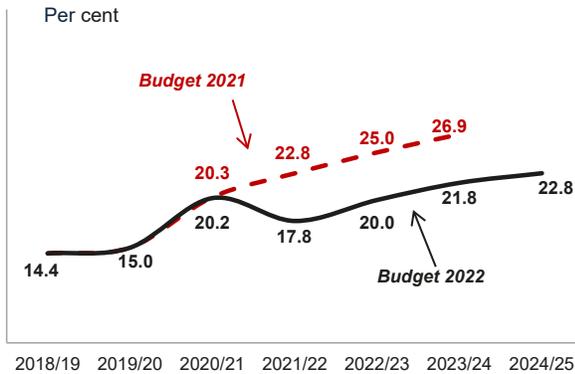
- Capital spending over the three year plan is increasing to \$27.4 billion, the highest level ever, delivering the infrastructure people rely on.
- These investments strengthen the economy, creating approximately 100,000 jobs, while supporting inclusive opportunities in the trades.
- As part of the recovery, these investments build back with resilient and low-carbon infrastructure.



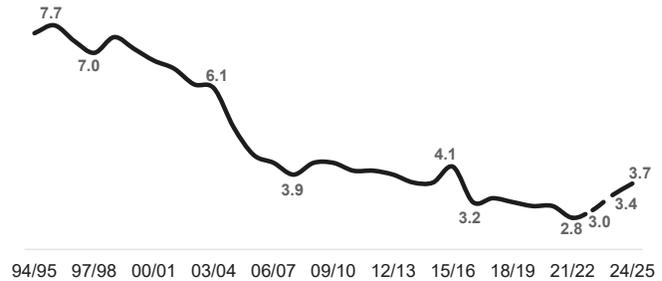
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Sustainable Debt Levels

Taxpayer-supported Debt-to-GDP



Interest bite for taxpayer-supported debt
(cents per dollar of revenue)



Fiscal Sustainability

- Helping British Columbians, communities, and businesses during the pandemic and flood recovery is government's responsibility
- *Budget 2022* takes a responsible approach to budget and fiscal planning by recognizing that health and well-being need to shape financial decision making, along with the fiscal guardrails introduced in *Budget 2021*
- Over time, urgent responses will no longer be required, and government will return to annual balanced operating budgets

Guardrails in Budgets 2021 and 2022:

- ✓ Year-over-year declining deficits
- ✓ Targeted spending criteria
- ✓ Levels of prudence
- ✓ Pandemic Recovery Contingencies
- ✓ Debt metrics and debt affordability
- ✓ Transparent and timely reporting

Other Guiding Indicators:

- ✓ Health indicators
- ✓ Economic and business indicators
- ✓ Flood recovery indicators
- ✓ Environmental, Social and Governance indicators

Federal Support for Health Care Required

- Health care costs continue to rise due to aging demographics and growing population
- COVID-19 has exposed gaps in provision of health care services, including in long-term care and services in rural, remote, and Indigenous communities
- Federal Canada Health Transfer is projected to represent 1 in every 5 dollars spent in Canada, nationwide
- The long-term fiscal outlook for all provinces and territories will be challenged without additional ongoing support from the federal government

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Budget 2022

- As the last few years have shown, we are stronger together
- Investments to date have contributed to our current strength, where B.C. is expected to be an economic leader in the country, attracting investment and people from across the country and around the world
- *Budget 2022* meets that growth by continuing to invest in all three pillars of a stronger B.C.:
 - Economic Strength
 - Environmental Strength
 - Social Strength

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