

**BUDGET  
2023**

**StrongerBC**  
*for everyone*

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## 2022/23 Updated Q3 Forecast

- The updated 2022/23 forecast projects a Q3 surplus of \$3.6 billion, which is \$2.1 billion lower than the *Second Quarterly Report*
- Key changes since Q2 include:
  - Higher revenues, primarily from income and sales taxes
  - Increased spending, including:
    - \$2.7 billion for supplementary estimates
    - \$500 million for the Renters Protection Fund
    - \$500 million for an additional BC Affordability Credit payment in April

## 2022/23 Supplementary Estimates

Description	Amount (\$ millions)
Growing Communities Fund	1,000
BC Ferries Fare Affordability	500
Critical Community Infrastructure	450
Food Security Initiatives	160
BC Cancer Foundation	150
Local Government Next Gen 911 Readiness Fund	150
Watershed Security Fund	100
Highway and Community Cellular Connectivity	85
Accelerating Funding for First Nations Agreements	75
Public Libraries	45
<b>Total</b>	<b>2,715</b>

- Leveraging the one-time revenue improvements to advance key government priorities
- Initiatives support health, affordability, reconciliation, climate and emergency preparedness, and provide infrastructure supports for all communities across B.C.

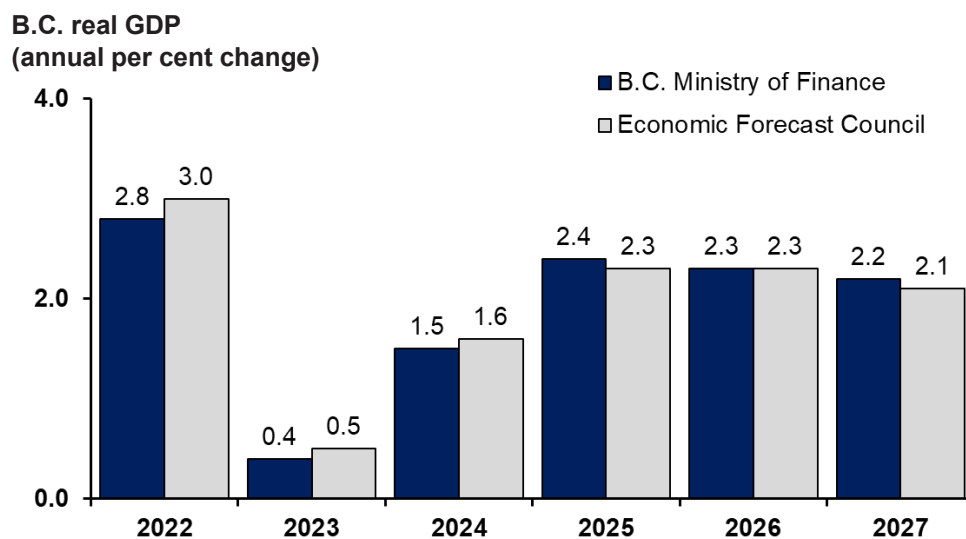
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## Summary of Current Economic Situation

Indicator	Performance
Labour Market	The unemployment rate is near historic lows (4.4% in January) but is leading to high job vacancies in some sectors.
Consumer Spending	Consumer spending on services continues to recover while spending on goods has softened.
Housing Market	Housing construction is strong (46,721 units in 2022) while sales activity has declined to low levels (-35.2% in 2022).
Inflation & Interest Rates	Inflation has started to ease (6.2% in January) but affordability challenges remain, while interest rates are high.
Exports	The value of goods exports is weakening (-25.2% since May) while service exports continue to recover.
Global Growth, Geopolitical Events & Pandemic	The economic outlook for most of B.C.'s major trading partners (e.g., rest of Canada, U.S., China, and Japan) has weakened.

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## *Budget 2023 Economic Outlook*



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

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## *Budget 2023 Highlights*

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# Budget 2023: A Stronger BC for Everyone

- Focused on making smart investments to tackle today's biggest challenges
- Prioritizes significant new investments in:
  - Health and mental health care
  - Affordable and attainable housing
  - Reducing costs for people
  - Safe and healthy communities
  - A sustainable and clean economy
- Helps individuals, families, businesses and communities today to build a stronger, more secure future for everyone

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## Budget 2023 Fiscal Plan

(\$ millions)	Updated Forecast 2022/23	Budget Estimate 2023/24	Plan 2024/25	Plan 2025/26
Revenue .....	82,700	77,690	79,724	82,223
Expense .....	(74,393)	(80,206)	(82,978)	(84,766)
Pandemic Recovery Contingencies .....	(2,000)	(1,000)	-	-
Supplementary Estimates .....	(2,715)	-	-	-
Forecast allowance .....	-	(700)	(500)	(500)
<b>Surplus (Deficit) .....</b>	<b>3,592</b>	<b>(4,216)</b>	<b>(3,754)</b>	<b>(3,043)</b>
<b>Capital spending:</b>				
Taxpayer-supported capital spending .....	8,117	11,813	12,634	13,098
Self-supported capital spending .....	4,055	4,027	4,116	2,853
<b>Total capital spending .....</b>	<b>12,172</b>	<b>15,840</b>	<b>16,750</b>	<b>15,951</b>
<b>Provincial Debt:</b>				
Taxpayer-supported debt .....	63,701	75,617	88,436	99,395
Self-supported debt .....	29,788	31,607	33,671	34,405
<b>Total debt (including forecast allowance) .....</b>	<b>93,489</b>	<b>107,924</b>	<b>122,607</b>	<b>134,300</b>
<b>Taxpayer-supported debt to GDP ratio .....</b>	<b>16.4%</b>	<b>18.9%</b>	<b>21.3%</b>	<b>23.0%</b>
<b>Taxpayer-supported debt to revenue ratio .....</b>	<b>78.7%</b>	<b>100.1%</b>	<b>114.8%</b>	<b>124.9%</b>

- **Declining deficits of \$4.2 billion in 2023/24 to \$3.0 billion in 2025/26**
- **Record \$37.5 billion in taxpayer-supported capital spending over the plan, a \$10.1 billion increase from Budget 2022**
- **Debt metrics are lower than in Budget 2022**

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# Strengthening Health & Mental Health Care

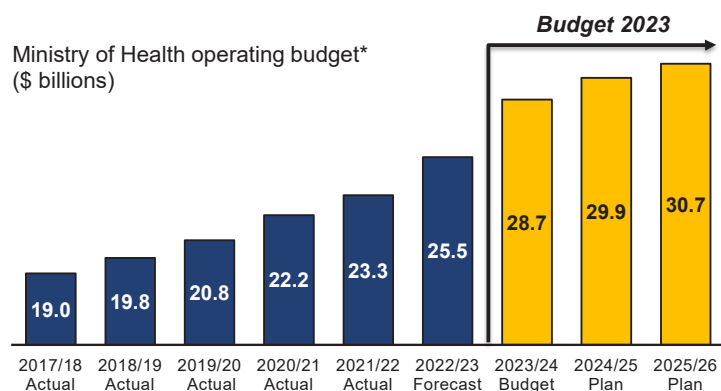
- \$2.6 billion for health services, including \$270 million more for cancer care
- \$1 billion to support the new health workforce strategy
- \$1.1 billion for the refreshed primary care strategy that focuses on attracting and retaining family practitioners, including a new compensation model
- \$867 million for mental health and addictions services across the continuum of care including prevention, harm reduction, safe supply, treatment and recovery
- \$875 million in 2023/24 for ongoing COVID-19 health response measures

*Figures represent three-year fiscal plan costs unless specified otherwise*

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# Record Investments in Health & Mental Health Care

**\$10 billion more per year for health and mental health care operating funding since 2017**



*\*Does not include other one-time funding (e.g. Pandemic Contingencies or Supplementary Estimates)*

- More supports for cancer care and family doctors
- Creating over 1,700 new health care positions
- Nearly 3,000 new post-secondary health training seats
- Over 190 new treatment beds and expansion of other recovery supports

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# Tackling the Housing Crisis

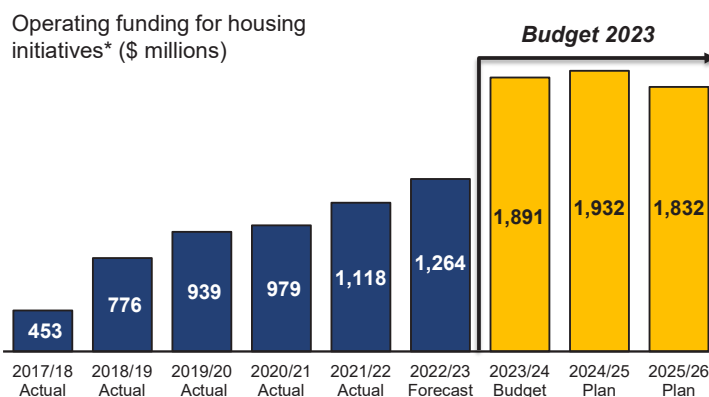
- \$1.7 billion in operating and capital funding to build more homes, including \$394 million for transit-oriented development
- \$575 million in capital funding to enable post-secondary institutions to deliver thousands more student housing spaces in high demand areas across B.C.
- \$380 million in operating funding to unlock more homes and provide supports for people
- Over \$1.5 billion in operating and capital funding to help reduce homelessness including more funding for modular homes, complex care and encampment response measures

*Figures represent three-year fiscal plan costs*

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# Record Investments in Housing

**Over 4 times more operating funding per year for housing initiatives since 2017**



- Doubling the number of units created through the Indigenous Housing Fund
- Improving and preserving existing rental housing for families with lower-income
- Providing supports and financial incentives to help unlock thousands more homes

*\*Does not include one-time funding (e.g. Pandemic Contingencies).*

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## Sustainable and Clean Economy

- \$480 million to support the Future Ready Plan to help train and attract talent in B.C.
- \$567 million in operating and capital funding for a cleaner economy and climate resiliency, including CleanBC enhancements, active transportation infrastructure, new wildfire equipment, and more emergency management capacity
- \$21 million to support eight more Forest Landscape Planning tables in partnership with First Nations to improve sustainable forestry and protections for old growth forests
- \$77 million to help speed up natural resource permitting processes and begin work to modernize the permitting service delivery model

*Figures represent three-year fiscal plan costs*

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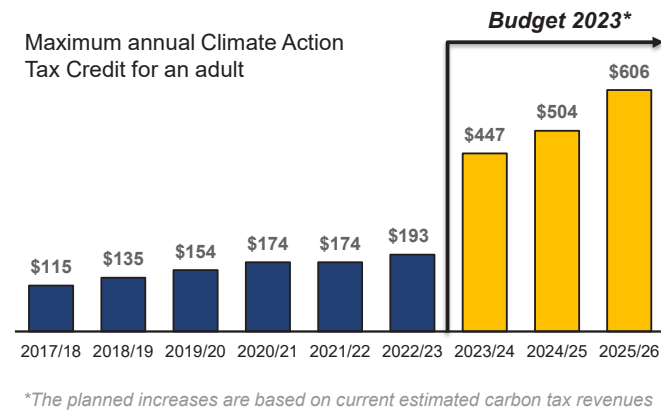
## Carbon Pricing Strategy

- B.C.'s Carbon Tax will increase annually by \$15 per tonne until rates are equal to \$170 in 2030
  - The Climate Action Tax Credit will be enhanced each year to ensure that by 2030, 80 per cent of households will receive a full or partial credit
  - A significant majority of British Columbians are projected to receive more through the enhanced credit than they pay in increased carbon tax costs by 2030
- Beginning April 1, 2024, large emitters will transition to a new made-in-B.C. output-based pricing system
- Existing tax and other supports to protect competitiveness and reduce emissions will be continued

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## Helping People With Costs

**Over \$3 billion across the fiscal plan in new tax measures to support families and individuals with low to moderate incomes**



- Permanent increases to the Climate Action Tax Credit, including more than doubling the maximum credit for an adult
- A new income-tested Renter's Tax Credit providing up to \$400 annually
- Enhancements to the BC Family Benefit, including both increases to the base amount and up to \$500 supplement for single parent families

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## Helping People With Costs

- \$214 million to expand existing K-12 school food programs
- \$119 million for free prescription contraception starting April 1, 2023
- \$151 million to increase student financial aid allowances and other supports
- \$558 million to increase financial supports for income and disability assistance clients, including raising the shelter rates by \$125 per month
- \$264 million to increase financial supports for foster families and other caregivers

*Figures represent three-year fiscal plan costs*

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## Safe and Healthy Communities

- \$317 million for policing and enforcement programs such as the repeat offending program and the new Special Investigations and Targeted Enforcement program
- \$80 million to improve access to justice including ten more Indigenous Justice Centres and more resources for the B.C. Human Rights Tribunal, Independent Investigations Office and virtual and after-hours bail
- \$65 million for other public safety initiatives including modernizing the *Police Act*, cannabis licensing and the decriminalization program

*Figures represent three-year fiscal plan costs*

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## 2022 Shared Recovery Mandate

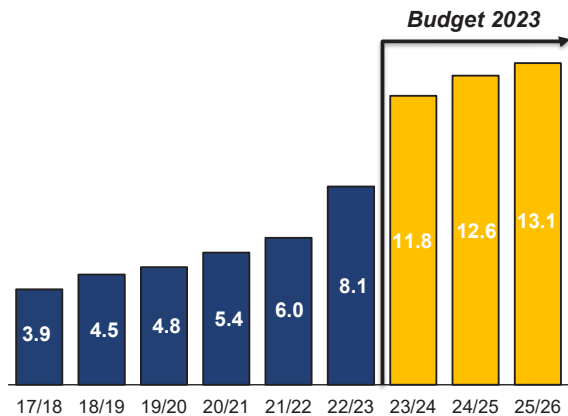
- Provides wage increases and inflation protection for B.C. public sector workers to help improve essential services – like health care and education – that people depend on
- Estimated to cost \$10.8 billion over the three-year mandate term (2022/23 to 2024/25) with ongoing annual costs of \$5.4 billion
- *Budget 2023* provides \$7.6 billion over three years in ministry base budget funding for signed agreements as of December 31, 2022; and \$7.5 billion is set aside in contingencies for pending agreements and potential cost-of-living adjustments

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# Building the Infrastructure That People Rely On

- Historic \$37.5 billion for taxpayer-supported capital over the three-year plan to deliver the infrastructure people rely on
- \$10.1 billion (37%) increase from *Budget 2022* taxpayer-supported capital plan
- Government is implementing the ESG Framework for Capital to achieve child-care, workforce, CleanBC, and mass timber objectives

Taxpayer-Supported Capital Spending  
(\$ billions)



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## Fiscal Sustainability

- Government continues to take a responsible and thoughtful approach to budgeting by focusing on long-term fiscal sustainability, while continuing to invest in near-term needs and priorities
- *Budget 2023* demonstrates government's ongoing commitment to fiscal sustainability by adhering to the fiscal guardrails that have guided the budget process since *Budget 2021*

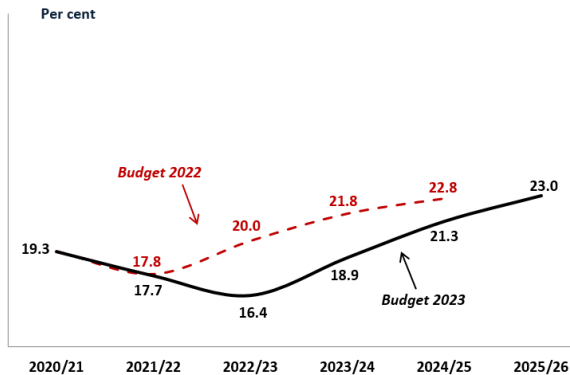
### Fiscal Guardrails

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

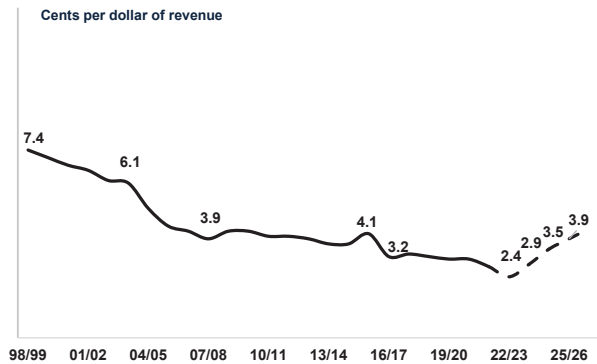
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# Sustainable Debt Levels

**Taxpayer-Supported Debt-to-GDP**



**Interest Bite for Taxpayer-Supported Debt**



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## Budget 2023 Summary

- Focused on smart investments to tackle today's biggest challenges
- Significant new funding for health and mental health, housing, reducing costs, safe communities and a sustainable and clean economy
- Record new investments to support hospitals, schools, housing and transit systems that people rely on
- Working together to create a more sustainable and secure future for all British Columbians

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