



B.C. Budget 2019 Focuses on Affordability and Climate Action

Overview

Finance Minister Carole James today delivered her second full budget since the New Democratic Party formed government in 2017. She said it reflects the government’s priority which is to invest in the people who are making the economy work.

The budget’s themes continue to mirror the New Democrat Government’s priorities of making life more affordable, delivering better services for families, and investing in a strong, sustainable economy that works for people.

Key spending priorities in the three-year plan are delivering a new B.C. Child Opportunity Benefit for kids up to the age of 18, removing interest from B.C. student loans, enhanced supports for those who need them most, reducing taxes for businesses, and investing in clean energy and climate solutions.

Economic Forecast

B.C. continues to experience the strongest economy in Canada with strong GDP growth, the lowest unemployment rate, and the biggest wage gains in the country. It is the only province in Canada with a AAA credit rating from all three major international rating agencies and the debt-to GDP ratio is at its lowest point since 2008.

Budget 2019 projects that B.C. will continue to be an economic leader in Canada. Government projects real GDP growth will be 2.4 per cent for 2019, 2.3 per cent for 2020 and 2.0 per cent for 2021 and 2022. Forecasts for all years have increased as a result of the final investment decision on the LNG Canada project and the

Canada-United States-Mexico Agreement (CUSMA).

Risks to the economic forecast include fiscal sustainability at ICBC and BC Hydro, lower commodity prices, a resilient US economy and ongoing economic challenges in Asia and the euro zone.

Revenues, Expenses and Debt

Government projects surpluses of \$274 million, \$287 million, and \$585 million in each of the next three years. However additional forecast allowances of \$500 million, \$300 million, and \$300 million in each those years and contingencies of \$750 million, \$400 million and \$400 million add additional layers of funding as a hedge against fiscal volatility.

	Revenue	Expense	Surplus
2018-19	\$59 B	\$58.3 B	\$274 M
2019-20	\$60 B	\$59.5 B	\$287 M
2020-21	\$62.5 B	\$61.6 B	\$585 M

Total taxpayer-supported debt is projected to be \$44 billion at the end of 2018/19, which is \$1.2 billion lower than projected in Budget 2018. The taxpayer supported debt-to-GDP ratio is expected to remain at 16 per cent over the three-year budget plan.

B.C. Child Opportunity Benefit

Government announced it is investing \$400 million per year to help middle class families. Starting in October 2020, eligible families with one child will receive up to \$1,600 per year, two children up to \$2,600 and three children up to \$3,400. Families

will receive the benefit for children up to the age of 18. It replaces the Early Childhood Tax Benefit which ended at age six.

Eliminating Interest on B.C. Student Loans

British Columbia students will no longer pay interest on student loans as of February 19, 2019. Government estimates that someone with \$11,200 in provincial loans or \$28,000 in combined federal and provincial loan debt will save approximately \$2,300 in interest charges over a 10-year repayment period.

Eliminating MSP

Budget 2019 completes the elimination of MSP premiums for British Columbians. This will save individuals \$900 per year and families \$1,800 per year. Government called this the largest tax cut for people in B.C. history given it's \$2.7 billion cost.

CleanBC

Budget 2019 invests \$902 million over three years for CleanBC programs which government called the largest investment in climate action in B.C.'s history. This program was announced in December with the goal of unlocking the green economy and putting the province on the path to a cleaner, better future.

A new industrial incentive and clean energy fund of \$168 million over three years will help large industry reduce greenhouse gas emissions.

New funding of \$58 million will help make buildings more energy efficient. These investments will provide up to \$14,000 to homeowners to switch to high-efficiency heating equipment or make building envelope improvements.

Additional funding of \$107 million will expand point of sale incentives, new charging stations and other active transportation initiatives. As a result the purchase of a zero-emission vehicle will provide up to \$6,000 in savings.

\$223 million in additional funding over three years will expand the climate action tax credit. Effective July 1, 2019, the maximum annual tax credit is increased by 14 per cent meaning eligible families can receive up to \$400 this year.

Business Tax Reductions

The Province is moving forward with \$800 million in business tax reductions to support new investments in new plants, machinery and commitment in partnership with the Government of Canada to boost competitiveness.

Enhanced Supports

Effective April 1, 2019 income and disability assistance rates will be increased by \$50 per month. As a result, rates are now \$150 a month, or \$1,800 a year, higher since Budget 2017.

The B.C. Employment Assistance program will receive an additional \$26 million to help remove barriers for older adults, youth and persons with mental health issues to access the program.

Foster parents, adoptive parents, and extended family members caring for children will benefit from \$85 million in new funding for the Extended Family Program.

Community organizations who operate rent banks will be supported with new funding. These organizations provide short term loans with little to no interest for low income tenants who can't pay their rent due to a financial crisis.

Infrastructure

More than \$20 billion is allocated to build hospitals, roads and schools in communities throughout the province.

Transportation priorities include the Putallo Bridge replacement, a new Broadway subway, four-laning Highway 1 through Kicking Horse Pass and



replacing the Bruhn Bridge in Sicamous. These and other transportation projects are allocated \$6.6 billion.

BC Transit services will be expanded in 30 communities with \$21 million in new funding.

Health

The Ministry of Health budget will increase by \$1.3 billion over three years to help expand and upgrade hospitals, medical and diagnostic equipment and health information systems to ensure patient care is optimized.

The BC Cancer Agency will receive \$105 million in new funding to help support expanded cancer services. This funding will result in additional cancer related surgeries and diagnostic imaging including PET and CT scans.

Mental health care services will improve due to \$74 million in new funding. New initiatives will focus on prevention and early intervention for children, youth and young adults.

B.C.'s PharmaCare program will receive an additional \$42 million to provide for more coverage for drug options for people with diabetes, asthma, hypertension and other diseases and conditions.

Education

Budget 2019 invests \$2.7 billion to maintain, replace, renovate and expand K-12 facilities over the next three years around the province.

\$550 million over three years in new funding will help enhance the public education system. The Classroom Enhancement Fund will receive \$58 million to help hire 4,000 new teachers and support better classrooms.

Taxis and Ride-Hailing

Government's commitment to modernize the taxi industry and enable ride hailing will be supported

through \$9 million in new funding. This will support the new provincial regulator, the Passenger Transportation Board, as well as enhanced vehicle compliance and enforcement activities.

Wildfire Management

An additional \$111 million over three years will strengthen the province's efforts to prevent and respond to wildfires and \$13 million for forest reforestation in areas damaged by disease and wildfires.

Indigenous Reconciliation

B.C. First Nations will have a stable, long term source of funding as a result of a commitment to \$3 billion in shared provincial gaming revenue over the next 25 years. This funding can be used to invest in self-government, cultural revitalization and services to make life better. This agreement will result in an estimated \$300 million over the next three years.

