



Increasing investments in health & education within a balanced budget

	Health	Education	Other	Total
2016/17	\$19,621	\$12,585	\$16,046	\$48,252
2017/18	\$20,161	\$12,798	\$15,635	\$48,594
2018/19	\$20,735	\$13,018	\$15,833	\$49,586

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Budget 2017 Consultation

British Columbia's economic fundamentals remain strong as we begin preparations for Budget 2017. With an ongoing legislative commitment to balanced budgets and the realization of steady economic growth, we are able to envision modest investments that support continued wellbeing and affordability of living in B.C.

Our balanced budget is the keystone of our economic plan. It demonstrates our commitment to living within our means and to securing an affordable future for coming generations of British Columbians. We want your input and ideas on how the B.C. government can improve services and the delivery of those services within this balanced budget framework. Budget Consultation Paper 2017 is a way for us to seek your feedback as the B.C. government prepares for Budget 2017, covering the three-year fiscal plan 2017/18–2019/20.

Investing in schools, hospitals, roads and key infrastructure

Budget 2016 outlined British Columbia's investments in hospitals, schools, post-secondary facilities, transit, roads, housing and other projects. Making these investments requires government to take on debt on behalf of British Columbians – debt that is therefore taxpayer-supported.

We make these capital investments within an affordability framework because they result in valuable assets that will help build social and economic wealth for our society and all its citizens.

As British Columbia continues to attract people to the province, we know there will be a need to make even greater investments. For the first time in a decade, our provincial enrollment at kindergarten to grade 12 levels is going up, fuelled at least in part by Canadians who are making their way to British Columbia from Alberta and further east, as well as around the world.

Providing a safe learning environment through new and upgraded schools reflects our commitment to student achievement in British Columbia. New hospitals reflect our commitment to maintaining the best health outcomes in Canada. And new roads and related transportation infrastructure demonstrate our commitment to building the fundamental elements of a strong economy.

We continue to work closely with our local and federal partners to invest in public assets that enhance social and economic growth, job creation and productivity.

Housing Affordability

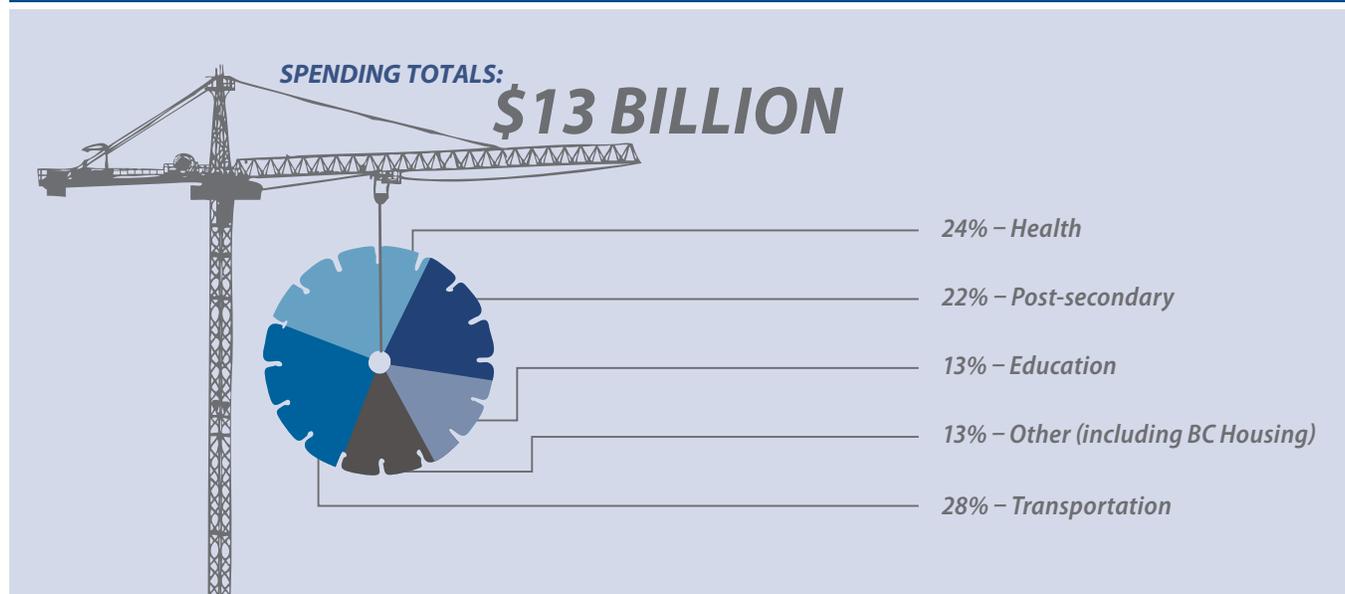
Helping British Columbians secure affordable housing is among our top priorities. Our government understands the value of B.C. as a destination of choice – the more people come here, the more we see economic growth and consumer confidence. But we also understand the need to increase the supply of housing as a way to meet demand – and moderate rising prices.

In July, the Legislative Assembly passed Bill 28 – a comprehensive legislative package intended to help achieve this moderation. The package included a new additional property transfer tax of 15% that applies to all buyers of property in Metro Vancouver who are neither citizens nor permanent residents. Government can adjust the tax to ensure it has the desired effect and meets changing circumstances. The tax rate can be set by regulation within a range of 10% to 20% and communities where it applies can also be set by regulation. Today, we are continuing to collect data on home sales and watching closely to see what adjustments may be necessary to ensure the tax is achieving the desired effect – which is to moderate foreign demand while we work towards increasing supply and access to that supply.

Bill 28 allows government to invest proceeds received from the property transfer tax into our housing priorities. We are analyzing a wide range of housing initiatives and intend to make smart investments to create new housing opportunities, with a mix of affordable, social and rental market supply. The legislation also brings an end to self-regulation in the real estate sector and will create a new and higher level of consumer protection for buyers and sellers of real estate in B.C.

And finally, Bill 28 establishes a clear line of authority and accountability to the City of Vancouver, responding to their request to develop a vacancy tax that they believe can help to increase the supply of rental housing in their jurisdiction.

Three-year taxpayer-supported capital spending



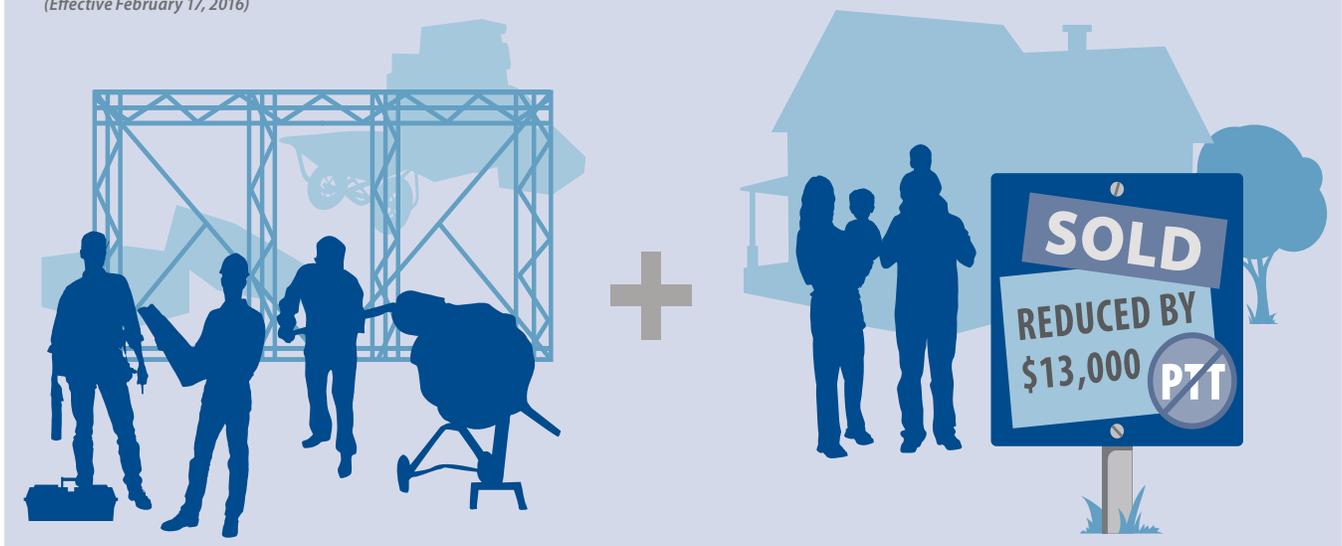
Government's existing program of housing and shelter supports include:

- **First Time Home Buyers' Program:** Exempts qualifying first-time buyers from property transfer tax of up to \$7,500 on the purchase of their first home if the fair market value of the home is below \$475,000.
- **Newly Built Homes Exemption:** Can save eligible purchasers up to \$13,000 in property transfer tax when buying a newly constructed or subdivided home worth up to \$750,000.
- **Property Tax Deferral:** A low-interest loan program that allows qualifying B.C. homeowners to defer all, or a portion of, the annual property taxes assessed on their principal residence. Available to B.C. homeowners 55 years or older; a surviving spouse; eligible persons with disabilities; or homeowners who financially support a dependent child.
- **Home Owner Grant:** The basic grant can reduce homeowners' assessed property taxes by up to \$570. Seniors, certain veterans, people with disabilities, or people living with someone who has a disability may qualify for an additional \$275 grant. Households outside the Greater Vancouver, Fraser Valley and Capital Regional Districts may be eligible for an additional \$200 grant.
- **Home Renovation Tax Credit for Seniors and Persons with Disabilities:** Up to \$1,000 assists seniors and persons with disabilities with the cost of certain permanent home renovations to improve accessibility, mobility or functionality in a home.
- **Homeless Prevention Program:** Last year, the program created more than 2,800 new affordable housing units in approximately 42 communities.
- **Provincial Investment in Affordable Housing program:** Government is providing funding of \$355 million over the next five years to help build and renovate more than 2,000 new units of affordable housing.
- **Community Partnership Initiatives:** Provides development advice and low interest financing to non-profit societies to help them develop affordable housing.
- **Rental Assistance Program (RAP):** Last year, more than 10,000 low-income working families – about 72% female-led, single parent households – received monthly cash assistance to help them stay in the private rental market.
- **Women's Transition House and Supports Program:** Provides approximately \$32 million annually to support more than 830 spaces in transition and safe houses as well as second stage housing.
- **Home Adaptations for Independence Program:** Provides financial assistance of up to \$20,000 per home to help low-income seniors and people with disabilities with home modifications for accessible, safe and independent living.
- **Shelter Aid for Elderly Renters (SAFER) program:** Assists close to 19,900 low and moderate income seniors' households with rent supplements to help make their rent affordable.

The Province wants to hear your input and ideas on additional program and services to help British Columbians secure affordable housing.

Newly Built Homes Exemption: New housing up to \$750,000 may be exempt from property transfer tax

(Effective February 17, 2016)



Low taxes support affordability, stimulate economic growth

B.C. families generally have one of the lowest overall tax burdens in Canada including income taxes, consumption taxes, property taxes, health care premiums and payroll taxes.

B.C. currently has the lowest provincial personal income taxes in Canada for individuals earning up to \$122,000 per year. Since 2001, provincial personal income taxes for most taxpayers have been reduced by 37% or more; an additional 400,000 people no longer pay any B.C. income tax; and a single individual can earn more than \$19,000 before paying provincial income taxes.

BC Jobs Plan Update 2016

In 2011, the Province launched the BC Jobs Plan, an ambitious strategy to diversify and grow British Columbia's economy and support long-term job creation. British Columbians are now seeing the benefits of this effort: British Columbia's economy is diverse, strong and growing. The BC Jobs Plan 5-Year Update will be released in fall 2016. The update will include a new focus on four emerging sectors: clean tech, life sciences, digital media and advanced manufacturing.

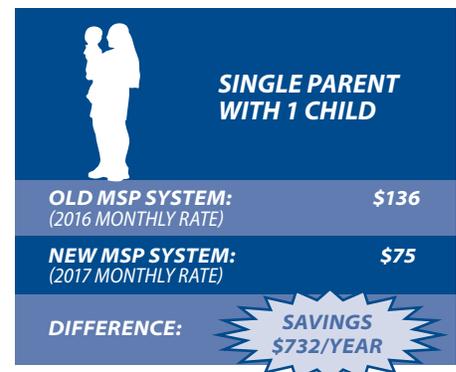
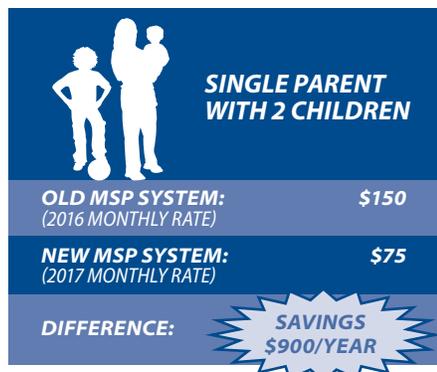
Tax credits and programs supporting families

Government has improved, extended and added tax credits and programs to help support B.C. families and keep life affordable, including:

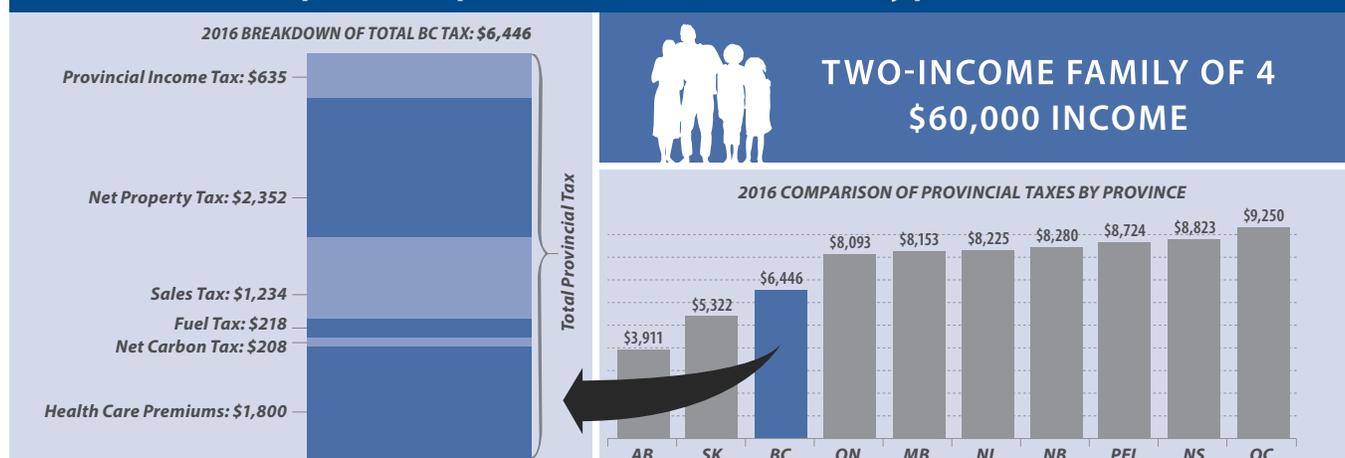
- Effective Jan. 1, 2017, all children will be exempted from MSP premiums and premium assistance will be enhanced. Government is also cancelling the planned 4% increase to MSP premiums and those eligible for Regular Premium Assistance will see a 4% reduction of their premium beyond what was announced with Budget 2016.
- The BC Early Childhood Tax Benefit provides \$137 million to approximately 180,000 families with children under six years old. Families with young children can receive up to \$55 per child, per month.
- Government has extended the BC Training Tax Credit program through 2017, providing employers with an incentive to hire and train apprentices so trades workers can get the experience they need to support themselves and their families.
- Through the BC Training and Education Savings Grant, government contributes \$1,200 to eligible children born in 2006 or later.

MSP CHANGES HELP SINGLE-PARENT FAMILIES SAVE MONEY

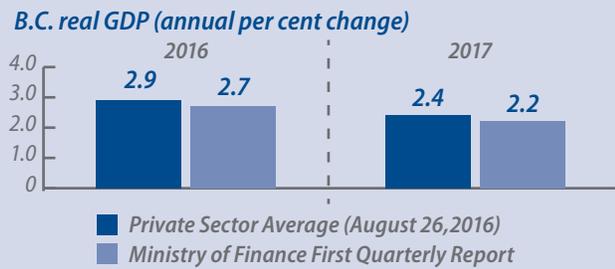
PREMIUMS WILL NO LONGER BE CHARGED FOR CHILDREN (EFFECTIVE JANUARY 1, 2017)



Comparison of provincial and federal taxes by province 2016



B.C. economic outlook



Sources: Ministry of Finance and Private Sector Average (Economic Forecast Council subset consisting of BMO, CIBC, IHS Global Insight, RBC, Scotiabank and TD).

Supporting B.C. businesses

Keeping business taxes low is an essential part of maintaining a competitive tax environment to attract investment, create jobs and move B.C.'s economy forward.

B.C.'s general corporate income tax rate is the lowest in the country, having been cut by almost 35% since 2001, and the combined federal-provincial rate is among the lowest in G7 countries.

B.C. has a competitive small business corporate income tax rate of 2.5%, a reduction of 44% since 2001 and the third lowest in the country.

The small business corporate income tax threshold below which corporations can pay the lower rate of corporate income tax has been increased by 150% to \$500,000 since 2002.

Commission on Tax Competitiveness work underway

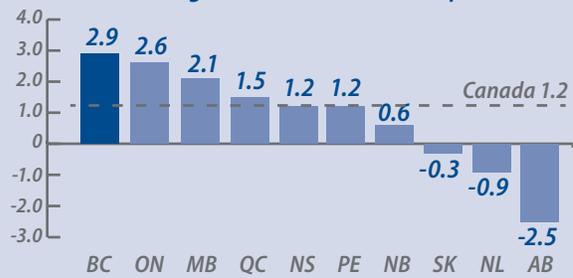
Announced with Budget 2016, the Commission on Tax Competitiveness is tasked with making recommendations that position B.C.'s tax structure to meet the economic realities of the future, while respecting the outcome of the 2011 referendum to eliminate the HST. Some of the questions the commission is considering include:

- Over the next 20 years, what will be the biggest challenges facing B.C. businesses?
- What do you find to be the biggest tax impediment to business growth in B.C.?
- To improve business tax competitiveness in B.C., what should government's priority be in the short-term? Long-term?

Submissions may be made to the commission until Sept. 30 at: <http://engage.gov.bc.ca/taxcommission/>

Private sector economic growth expectations

Forecast annual growth in 2016 real GDP (per cent)



Source: A subset of the Economic Forecast Council that regularly forecasts economic performance in all provinces (BMO, CIBC, IHS Global Insight, RBC, Scotiabank and TD), as of August 26, 2016.

Long-term planning for future generations

Although B.C.'s economic performance has been relatively strong, we must also plan for the long-term to ensure the fiscal sustainability of government, including the important services and programs that the Province provides for its citizens.

In the long-run, there are two major factors that determine economic growth: population, which drives labour supply, and productivity.

Population

B.C.'s annual rate of population growth has slowed from close to 3% in the early 1970s to around 1% in recent years. People are also living longer than ever. The share of British Columbians aged 65 years and over grew from about 9% in 1975 to about 17% in 2015 – by 2035, BC Stats projects that number will increase to 25%. This puts downward pressure on labour supply in the future.

Productivity

Increasing productivity growth is essential to mitigating the impact of slowing labour supply. Average Canadian productivity growth has fallen from over 3% per year in the late 1960s to closer to 1% in recent years. Analysts believe that B.C. has experienced a similar slowdown in productivity growth. While the population of B.C. ages, the outlook for productivity is less certain. This is a challenge being faced in many countries around the world.

Taking action

B.C. government initiatives such as the Jobs Plan and the BC Prosperity Fund are underway to help ensure fiscal sustainability and maintain the Province's competitive advantage into the future. Government will continue its work to address long-run issues while maintaining fiscal discipline and tabling balanced budgets in support of B.C.'s AAA credit rating.

Questions

- 1. British Columbia has introduced comprehensive new measures to support housing affordability, including a new additional property transfer tax and increased investment in housing starting in 2016-17. What further suggestions can government consider that will help make more affordable housing and rental supply within reach of more British Columbians? [select all that apply]**

 - Incentives that support expanding supply of housing, rental and other shelter, as well as access to that supply
 - More programs to help support first-time home buyers
 - Invest in programs that support housing access for seniors and vulnerable British Columbians
 - Smart transit expansion
 - Increase protection for consumers engaged in real estate transactions
 - Increase the Home Owner Grant
 - Incent developers to offer daycare space
 - Incent or lead streamlined and faster housing and rental development approval processes at all levels of government
 - Enhancements to protect tenants
 - Other – please describe
- 2. While our ongoing legislated commitment to a balanced budget means government will continue to make choices on behalf of British Columbians, we value the input of British Columbians in helping to make such choices. We have enjoyed steady economic growth, creating the revenue that now allows us to expand these choices. What are the priorities that you want government to consider? [select all that apply]**

 - Increase programming and funding for environmental protection and climate change
 - Increase the number of provincial camp sites in B.C. parks
 - Increase investments in policing and public safety
 - Increase social assistance
 - More hospitals, healthcare facilities and healthcare programs, including mental health
 - More schools and funding for K-12 education
 - More roads, highways and bridges
 - Reduce the PST
 - Reduce MSP premiums
 - Reduce ICBC, BC Hydro, BC Ferries rates and fees
 - Other – please describe
- 3. With the BC Jobs Plan, government has continued to support the economy and job creation in this province. We have seen growth in tourism, the technology sector, transportation-related industries and across B.C. in a wide range of sectors. What further initiatives can we take to continue to grow the economy and sustain family-supporting jobs? [select all that apply]**

 - Continue work to reduce trade barriers and red tape
 - Increase funding for post-secondary education and skills training, and make post-secondary education more affordable (e.g. student loans and grants)
 - Increase funding for programs such as the single parent employment initiative
 - Increase daycare assistance and access to daycare
 - Increase tax credits for apprentices
 - Increase support for trades
 - Increase investments in manufacturing
 - Increase investments in small business
 - Other – please describe

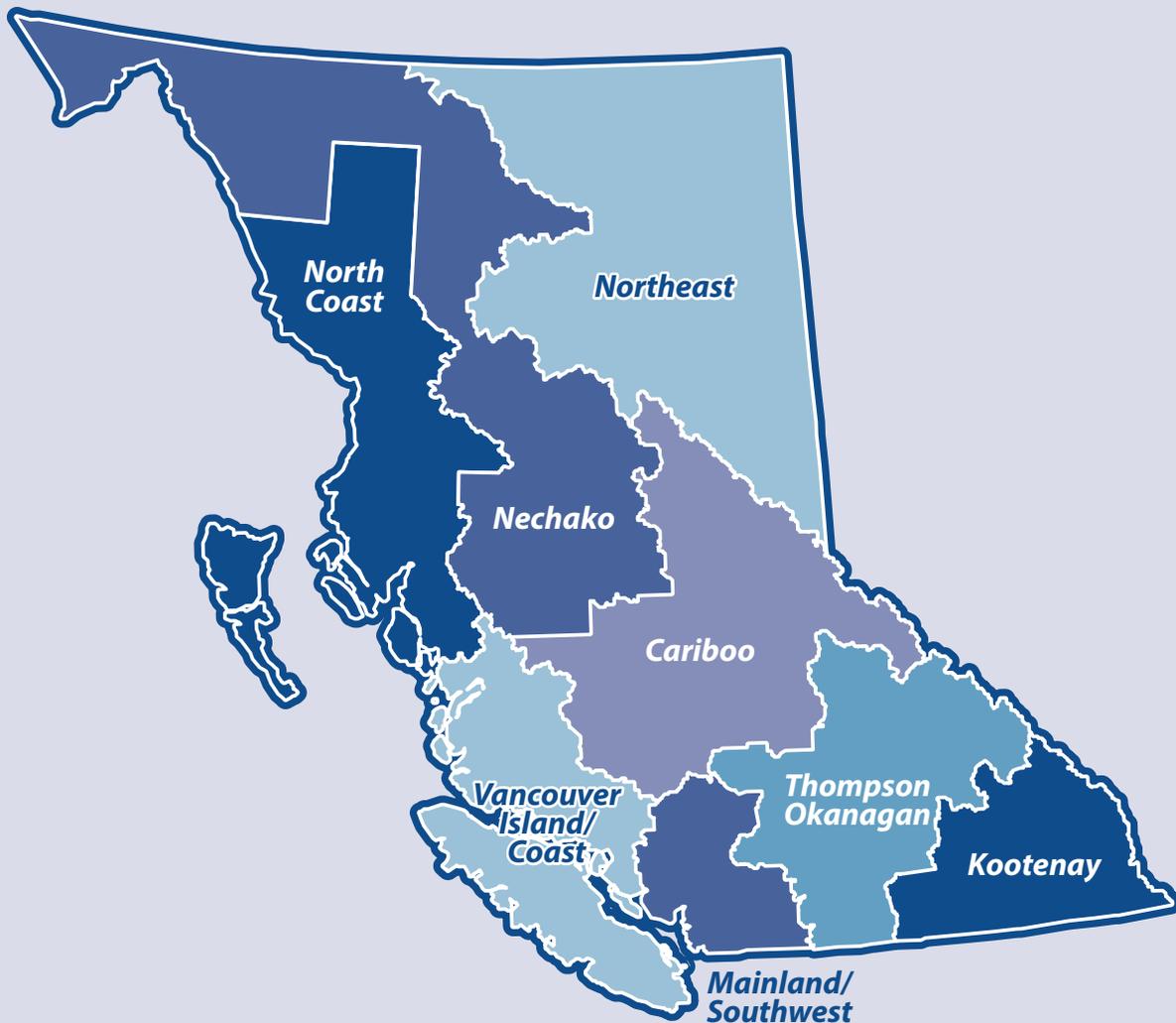
4. A) Given British Columbia's broad geography and society, representing diverse sectors, people and cultures, what should government's priority area of investment be in your region? [select one]

- Healthcare
- K-12 Education
- Post-secondary education and skills training
- Policing and public safety
- Social Services
- Roads, highways and bridges
- Natural resources, economic development
- Environmental protection and parks
- Tax reduction
- Other – please describe

B) Please identify your region [select one] A map of regions is available here: <http://www.bcstats.gov.bc.ca/StatisticsBySubject/Geography/ReferenceMaps/DRs.aspx>

- Vancouver Island/Coast
- Lower Mainland/Southwest
- Thompson/Okanagan
- Kootenay
- Cariboo
- North Coast
- Nechako
- Northeast

British Columbia Development Regions



First Quarterly Report Update

(\$ millions)	2016/17	2017/18	2018/19
Revenue	50,543	50,340	51,477
Expense	48,252	48,594	49,586
Forecast allowance	350	500	500
Surplus	1,941	896	941
Taxpayer-supported capital spending	4,585	4,452	4,033
Total taxpayer-supported debt	41,939	42,575	43,492
Total debt	66,518	68,946	71,861
Taxpayer-supported debt-to-GDP ratio	16.4%	16.0%	15.7%
Taxpayer-supported debt-to-revenue ratio	85.0%	87.1%	87.3%
Economic Forecast (Calendar Year)	2016	2017	2018
Real GDP Growth	2.7%	2.2%	2.3%
Nominal GDP Growth	4.2%	4.2%	4.3%
Population (000's)	4,740	4,801	4,861

*Further details supporting the 2016–17 to 2018–19 forecasts are available in the First Quarterly Report for 2016–17. Other fiscal and economic information can be found at www.fin.gov.bc.ca/pubs.htm and www.bcbudget.gov.bc.ca

How do you submit your ideas?

The Select Standing Committee on Finance and Government Services holds public consultations around the province in September and October. You can provide your feedback by:

- Participating at one of the public consultations.
- Completing an online survey
- Making a written submission

Visit www.leg.bc.ca/cmt/finance for public consultation meeting locations and dates, to make a submission or respond to the survey.

Please send your submissions (including contact information) by Friday, October 14, 2016 to:

Select Standing Committee on Finance and Government Services
Room 224, Parliament Buildings
Victoria, British Columbia
V8V 1X4 Canada

Phone: 1 877 428-8337 (toll-free in B.C.)

Phone: 250 356-2933 (collect)

Fax: 250 356-8172

Email: FinanceCommittee@leg.bc.ca

Public consultation locations and dates:

Vancouver	Monday, Sept. 19	Surrey	Thursday, Sept. 22	Quesnel	Wednesday, Oct. 5
Cranbrook	Tuesday, Sept. 20	Victoria*	Monday, Sept. 26	Port Hardy	Wednesday, Oct. 5
Kamloops	Tuesday, Sept. 20	Prince Rupert	Monday, Oct. 3	Courtenay	Thursday, Oct. 6
Kelowna	Wednesday, Sept. 21	Dawson Creek	Tuesday, Oct. 4	Delta	Thursday, Oct. 6
Richmond	Wednesday, Sept. 21	Prince George	Tuesday, Oct. 4	Victoria*	Tuesday, Oct. 11

*Video/teleconference opportunities for: Fort St. John, Fort Nelson, Williams Lake, Smithers, Castlegar, Vernon, Terrace, and Penticton.

