

BUDGET UPDATE 2017 SPEECH

A NEW VISION TO BUILD A BETTER B.C.

It was clear in the results of the last election that the majority of British Columbians were frustrated about the direction our province was taking. They didn't see their priorities reflected in the decisions being made.

Now, along with our colleagues in the Green Caucus and across the floor with the Official Opposition, we have a real opportunity to do things differently. I look forward to working with all members of this Legislature on the plan we have to make life better for the people of this province.

We're a new government with a clear vision. You heard in the Throne Speech about our vision for a government that works for people. That makes life more affordable, delivers the services people count on, and creates a strong sustainable economy that works for everyone.

This budget update is a road map to support those priorities. It's a budget that puts people first. It takes important first steps to help meet some of the most urgent needs and sets a new course where a strong economy works for the many, not just the few.

For the past 16 years we've seen children and parents struggle to get supports, seniors who can't find care when they need it, families unable to afford housing, and businesses that can't find enough staff because people can't afford to live in the community they work in. We've seen increasing fees—people paying more, while getting less. B.C. has had one of the highest poverty rates in the country. These aren't just examples or statistics. These are real families, individuals, and businesses, struggling to get by because of the choices made over the past 16 years.

As Minister of Finance, I'm going to work with my colleagues to carve a new path where everyone benefits from our strong economy. Where economic growth goes hand in hand with investing in our greatest resource—people. Where reducing inequality, investing in the services people count on, and supporting a thriving, competitive, innovative economy are inextricably linked. Where addressing climate action is a tool for long term sustainable growth and jobs in every corner of our province.

A budget should benefit all the people of our province, not just the few at the top, and that's why we are committed to making choices that benefit everyone. We're committed to strengthening our economy. We want our province to be a place of strong industries, thriving entrepreneurship, flourishing small businesses, a well-educated work force, good jobs and sustainable economic growth. And most importantly, we're going to do this by investing in British Columbians.

A government's budget doesn't stand alone. A budget that invests in people, invests in a strong British Columbia. A province where people have the tools to thrive, provide for their families, develop skills, educate themselves and their children, and begin to give back to their community.

In this budget update, we present a strong, responsible fiscal plan that puts people first while helping to ensure the long run fiscal sustainability of our province. Our balanced budget for 2017-2018 includes:

Total spending of	\$51.9 billion
Total revenues of	\$52.4 billion
A forecast allowance of	\$300 million
A budget surplus of	\$246 million

And record levels of capital spending, while maintaining a debt-to-GDP ratio that's affordable.

B.C.'s economy is strong, and employment, retail sales, housing starts and exports have all exceeded expectations. The outlook in this budget for this year's real GDP growth is 2.9 per cent, which is prudent compared to the outlook provided by the independent Economic Forecast Council. Private-sector forecasters expect B.C. to rank near the top of the provincial rankings in economic growth in 2017 and 2018.

We're competitive as a province, a destination for investors, and we're committed to seeing that continue. We will also make the targeted investments British Columbians have been waiting so long for.

It's the people of B.C. who built this budget and who are responsible for our economic success. It's our entrepreneurs, our businesses, our workers, our teachers, our newcomers, our communities, and our citizens who built this province. And British Columbians should benefit from economic growth in tangible ways that make a difference in their lives, every day.

Now that doesn't mean we can make choices independent of the very serious challenges we face. Our government is very conscious of a number of issues that are impacting ... or have the potential to impact ... this province fiscally, socially, and environmentally.

Some of these come as a result of unexpected or unprecedented developments.

For example, this summer B.C. experienced the worst wildfire season ever in our history, consuming more than a million hectares of forest and forcing people in many communities out of their homes. We're helping people with the recovery process, including \$100 million in support being administered by the Red Cross for individuals and businesses who have been impacted by evacuation orders. This funding is in addition to contributions from the federal government.

Fighting the wildfires added more than \$600 million in cost pressure to B.C.'s budget—a critical expenditure because in these tough times British Columbians, and their government, stand with their communities and their neighbours.

And while we help manage the current crisis, we will prepare for future fire seasons so we can keep people safe and protect our communities. In this budget update, we're funding capital investments of \$15 million over three years to upgrade wildfire infrastructure, including buildings, trailers, and air tanker bases. We're also providing \$140 million for projects focused on wildfire risk reduction, reforestation and wildlife habitat restoration.

The wildfire response this year involved more than 1,600 firefighters and support staff, as well as support from across the country and around the globe. It's a very real reminder of the vital work these men and women do on the front lines. So as a small gesture of acknowledgement and gratitude, we're moving forward with the implementation of the tax credit for volunteer firefighters and search and rescue volunteers.

Thousands of volunteers across the province will soon be eligible for a \$3,000 non-refundable tax credit. This tax credit was broadly supported in the legislature last February and recognizes the hard work and dedication of B.C.'s volunteer firefighters and search and rescue volunteers who donate their time, and often risk their lives, to protect British Columbians.

Another unprecedented challenge we face as a province is the fentanyl emergency. Already this year, opioid-related overdoses have taken the lives of too many people. This public health emergency has impacted families and communities. It's being tackled by health providers, first responders, non-profit agencies, front-line workers, law enforcement, and a whole host of other professionals. In this fiscal update, we're going to help with this fight.

We're making a \$290 million investment toward the health ministry and the establishment of the Ministry of Mental Health and Addictions, and another \$32 million to help law enforcement and coroners respond to the emergency, for a total investment of \$322 million over three years to help address this crisis.

We're committed to providing help quickly for people who need it, and this funding will go toward supporting prevention, early intervention, treatment and recovery, as well as supporting law enforcement in their work to keep drugs off the street.

And while we face unexpected challenges at home, others are the result of uncertainty in the global and domestic economy.

That is most noticeable in our neighbour and largest international trading partner to the south as we deal with uncertainties around U.S. fiscal and trade policy, including the softwood lumber dispute and NAFTA. As well, there are ongoing economic challenges in Asia and Europe. Adding to these global challenges is the potential for a further tightening of Canadian monetary policy and rising interest rates.

And while the Province manages events that are unexpected and largely out of our control, we face other pressures that are the result of government choices that meant services were strained, leaving many people behind. There are issues that have been neglected over many years and need to be addressed as soon as possible.

Issues like housing affordability, poverty, rising fees, and all the other ways individuals and families have struggled over the past years to make ends meet. Funding for health, education, social programs, and other government services hasn't kept up with demand, meaning our front-line workers haven't been able to provide the level of service that people expect. Crown corporations like ICBC and BC Hydro are facing serious structural issues.

Addressing these complex problems won't happen overnight. But just because some of the issues we face are tough... just because they're going to take time to resolve... doesn't mean we shouldn't take first steps to address them.

This budget update is a start as we move towards our first full budget in February. It's a good start as we begin to address these issues in a way that benefits everyone. Because this is your money. You worked hard for it. This is your budget.

MAKING LIFE AFFORDABLE FOR BRITISH COLUMBIANS

Our government's first priority is making life more affordable for people, because a sustainable economy needs to invest in the people that help build that economy. And too many people are struggling to get by.

Housing costs throughout B.C. have skyrocketed. People can't afford a home in the community where they work. Renters can't find a place to live. Families can't get into the housing market as they grow, and parents worry about their kids' future. This hurts people and the economy. Businesses can't attract and retain the talent they need to contribute to our growing industries. Families build up debt and are stuck living paycheque to paycheque.

Putting people first is our government's priority, and we're working on a comprehensive strategy to improve housing affordability, close speculation loopholes, and reduce tax fraud and money laundering in B.C. real estate. And in this budget update, we're taking first critical steps with two housing initiatives.

First, we'll be investing \$208 million over four years to support the construction of more than 1,700 new units of affordable rental housing in communities across the province. These units will help British Columbians who are finding that rent is taking up a disproportionate amount of their monthly income.

We also know that those without a home deserve and need our assistance, and we are committed to working with all levels of government—federal, municipal, Indigenous—to address homelessness. To get started on this work, we'll provide funding for 2,000 modular supportive housing units for people who are homeless.

That funding will include \$291 million in capital spending over two years to construct the units and another \$172 million over three years to operate them and provide 24/7 staffing and support services. These housing units are a step towards helping people who are homeless.

We're also providing immediate measures to ensure renters are treated fairly in this province and that the rights and responsibilities of both renters and landlords are clearly understood. This budget update provides an additional \$7 million over three years to the Residential Tenancy Branch to address existing backlogs and wait times for landlord-tenant disputes.

And as we begin to address the issue of affordable housing, there are other affordability challenges we're acting on because after 16 years of waiting for relief, the people of this province can't wait any longer.

We're starting that relief by reducing Medical Services Plan premiums by 50 per cent, starting January 1, 2018. Starting in the New Year, more than one million British Columbians won't pay any MSP premiums. And individuals will save up to \$450 per year, and families up to \$900 per year. This is just the start of our work as we move toward a complete elimination of this unfair cost over the next four years.

Those on income assistance and disability assistance also... quite literally... couldn't afford to wait any longer for meaningful increases to their rates because they've already waited more than 10 years. So, starting with the cheque that arrives in just over a week on September 20, people on income assistance and people on disability assistance will receive an additional \$100 a month. It's an immediate step to relieve some of the pressure, and that's just the start of our work.

We're committed to fighting poverty, and we've created a ministry and parliamentary secretary tasked with finding solutions to reduce poverty in B.C. After years of being the only province without a poverty reduction plan, I'm proud to say today's budget update includes the initial funding needed to develop a comprehensive Poverty Reduction Strategy. This will include designing a basic income pilot project that will test its effectiveness in reducing poverty and improving health and employment outcomes.

Reducing inequality is also why we are creating a fair wages commission as we move toward a \$15-an-hour minimum wage for British Columbia. The fair wages commission will help this province's lowest paid workers receive a fairer wage, while working with businesses on how to transition in a way that benefits both employees and businesses.

As well, to assist hard-working parents and guardians, to strengthen our economy, and to assist businesses with recruitment and retention, we're moving forward with plans to provide a quality, accessible, and affordable child care plan for families. Our first step is moving forward with \$20 million in new child care investments that will increase our spending on early childhood development and child care to \$330 million this year and support more than 4,000 new child care spaces.

And it's only the first portion of what's to come. We'll be working with parents and experts to develop and implement a long-term plan that will make quality, accessible, and affordable child care a reality for families in B.C.

Continuing our work to help British Columbians and their families, as promised, as of September this year, government has eliminated tolls on the Port Mann and Golden Ears bridges. It's a change that will save families who regularly have to cross the Fraser River an average \$1,500 a year. Commercial drivers averaging one crossing a day will save \$4,500 a year or more. These savings mean tens of thousands of drivers who cross the bridge every day will have more money in their pockets and more to invest in British Columbia businesses.

INVESTING IN THE SERVICES BRITISH COLUMBIANS NEED

And while we find ways to make life affordable for British Columbians and their families, we're also going to start to rebuild and strengthen the core services that people count on.

The previous government's approach of starving services undermines long-term, sustainable growth. Investing in programs and services benefits people, as well as the strong economy that people are then able to take part in.

And it starts with education. A strong education system is fundamental to a strong economy, healthy vibrant communities, and a bright future for this and future generations.

I'm proud to tell you today that we are confirming funding of \$681 million over three years to invest in children through smaller classes, more resources and the supports they need to succeed, including the hiring of approximately 3,500 teachers. As well, we're providing capital funding of \$50 million to ensure that space requirements for kids going back to school are addressed. This investment will go directly to fund the future of our province by finally starting to provide our school system with the resources it needs to help our kids succeed.

Health care is another area where we're going to begin to make the kinds of changes that people have been waiting for. We're going to start in this fiscal update with a \$603 million increase over three years to the base budget for the Ministry of Health, with \$265 million of that going to address the fentanyl emergency, and the remainder going to address other pressures in the health system.

Incremental to these amounts is \$25 million to establish the new Ministry of Mental Health and Addictions that will provide strategic leadership in developing a seamless, coordinated mental health and addictions system. Also, \$32 million is added for law enforcement to help disrupt the drug supply chain, provide more naloxone training, and help protect police personnel from fentanyl exposure, as well as to address the pressures facing the B.C. Coroners Service as a result of this public health emergency.

We're also going to provide consistent funding to the Therapeutics Initiative, at \$2 million per year, to ensure the effectiveness of new drugs, better serve citizens and reduce costs to our health care system.

To help benefit our seniors, the Ministry of Health will receive \$189 million over three years through our B.C.-federal agreement to improve access to home and community care.

To help children from low-income families achieve good health outcomes, \$15 million over three years is provided for the Healthy Kids Program. This program already provides basic dental and optical care to children in low-income families. With this new funding, those children will now have access to hearing assistance benefits and improved access to dental services. This is important because the health and welfare of our children are important if we want all of B.C.'s children to have a level playing field to succeed in life.

That's why this budget update reconfirms the \$312 million over three years to the Ministry of Children and Family Development for critical services and supports, including additional front-line staff and youth mental health workers. We need to start the rebuilding process necessary to strengthen our child protection and support systems and begin responding to the recommendations from the Grand Chief Ed John Report, reducing the number of Indigenous children in care.

This government will work in partnership with families, Indigenous communities, and other levels of government to ensure we meet our responsibility to protect and support our most vulnerable children.

CREATING A SUSTAINABLE ECONOMY FOR EVERYONE

While investing in the services people count on, building a sustainable economy for everyone also means investing in our roads, schools, transit, housing, and hospitals.

Our budget includes \$14.6 billion in capital spending over three years. These investments will add critical infrastructure to our communities and create jobs in every corner of our province.

To benefit from those jobs, it's vital that we tap into the talent and success of every British Columbian. We'll help people thrive by removing the roadblocks toward success.

I'm proud that this budget update restores free English Language Learning and Adult Basic Education tuition with an immediate \$19 million commitment. When the previous government imposed fees for these programs, enrolment dropped almost 30 per cent on the post-secondary side alone. That's a real loss for our province because if people can go to school, it benefits all of us.

As of September 1 this year, all adults can now enroll in approved post-secondary and K-12 Adult Basic Education and English Language Learning courses without having to pay tuition. Because when we give individuals opportunity so they can advance in their workplace and better support their families, it's an economic advantage for all of British Columbia.

In that same way, it also makes good economic sense to increase how much you can earn while on Social Assistance, as we're doing in this budget update. Increasing the earnings exemption by \$200 a month will allow people to work more, build experience, better support their families, and find a way toward sustainable employment.

While we help people find their way into the workforce, we're going to keep helping businesses and industries thrive so the jobs are out there for them.

And we're going to start with the Innovation Commissioner and the Emerging Economy Task Force—exciting measures set forth by our colleagues in the Green Caucus. With the Commissioner, we're going to look at how we can best support the success of the technology sector. The Innovation Commissioner will be both advocate and ambassador for B.C.'s tech sector. The Emerging Economy Task Force will be charged with developing “made-in-B.C. solutions” and will look at how government can encourage innovative and sustainable industries to drive economic growth in B.C. in the 21st century.

As we work to build our sustainable economy, we're doing valuable work to make the tax system fairer, where everyone contributes and everyone benefits from the services we all rely on.

We will be following through with our commitment to raise the corporate income tax rate by 1 percentage point to an overall 12 per cent, comparable to Manitoba, Saskatchewan, and Alberta. And we'll get rid of the tax break that the previous government gave to the top 2 per cent of income earners.

Supporting a sustainable economy also means recognizing our responsibility to address global climate change. Additional climate action measures will come over the next months as we work with our colleagues in the Green Caucus and in the Official Opposition, but we start in this budget update by following through on our commitment to increase the carbon tax by \$5 per tonne, starting April 1, 2018.

We're also ending the requirement for the carbon tax to be revenue neutral, and we will use carbon tax revenue to support families and fund green initiatives to address our climate action commitments. Our plan is an important step to get B.C. back on-track to meet our targets to cut carbon while investing the additional revenue in programs and services that help reduce emissions.

This budget update also takes steps to make our businesses more competitive.

Starting this fall, we're moving forward to phase out the provincial sales tax on electricity... a move businesses across B.C. have long asked for as a way to increase their competitiveness as they invest in new technologies and create more jobs. These savings will support businesses in every corner of the province, from forestry to construction, mining to agriculture. Not only is this a competitive move to help B.C. businesses—it will also encourage a transition to low-carbon energy sources like electricity, helping lower B.C.'s carbon footprint.

We're also supporting much-needed economic growth in small and rural communities in this budget update, with the restoration of the tax benefit for credit unions. Credit unions are a key part of communities, helping them thrive, while retaining profits in the hands of their members and allowing those dollars to be reinvested in local economies. That's why we're not only going to restore this benefit... we're going to make it permanent.

Small businesses are a critical part of B.C.'s economy, providing jobs and adding to sustainable, long-term economic growth throughout the province. To further help our small businesses thrive, we're lowering the small business corporate income tax rate from 2.5 per cent to 2 per cent.

CONCLUSION

This budget update takes key steps, and we know there are many more pressures in the system that we need to address. In February, we'll table our government's budget where we'll continue to address these pressures to build a better B.C. for everyone.

We believe government should work for people—and that the budget needs to reflect that. This province belongs to all British Columbians. And when it comes to B.C.'s finances, this is your money—you worked hard for it. This is your government and this is your budget. We want the choices we make as a government to reflect your voices, needs, and priorities.

So how do we do that? We start by listening. We're listening to individuals and families who have told us for years that they need more help to make ends meet. We're listening to people who have struggled to access the services they need. We're listening to Indigenous communities and together charting a path towards reconciliation. We're listening to business owners, communities and post-secondary institutions that have said they need more help to ensure our economy is strong with people who have access to the training and education they need. We're going to listen in the upcoming budget consultations, and we'll keep listening as we move forward.

Today we're just starting by laying the foundation for a better B.C. In February, we're going to build it even further.

And to British Columbians, I want to say this: This is your province. We are your government. And today, I'm pleased to table a budget update that takes a first step towards your budget priorities.

Thank you.