

## BUDGET SPEECH 2015

The tabling of *Balanced Budget 2015* marks the beginning of a new fiscal season for the Assembly and British Columbia. My use of the term “season” is probably a reflection of what I was doing when I began the work of preparing this budget presentation to the Assembly.

Like many British Columbians and Canadians I confess that, starting on Boxing Day, for 10 days I became fully engaged in tracking Team Canada’s quest for gold at the world junior hockey championships.

Of course we used to be able to take the result for granted. But the world has adopted our game and the days of foregone conclusions are over. Talented teams from Europe and the U.S. are motivated and capable of beating us at our own game.

So, what’s the recipe for success? Talent and ability... and to be sure we had that in abundance including a strong core of young British Columbians like Jake Virtanen, who hails from Abbotsford; Joe Hicketts from Kamloops; Nic Petan from Delta; Shea Theodore from Aldergrove; and Sam Reinhart from West Vancouver. But that’s not enough.

What propelled Team Canada to recapture gold was a carefully developed game plan and the drive and the discipline to execute on that game plan: a balance between a disciplined defence that took care of things they could control at home in their own zone, and a relentless offence that overwhelmed their competitors with imagination and creativity.

No bad penalties. No self-imposed mistakes. Not a bad formula for success, but still no guarantee. There is always the unforeseen... always the prospect of a hot goalie.

*Budget 2015* represents our fiscal game plan. And British Columbians, whose interests it is designed to advance, will recognize some of the fundamental features of our plan.

- Discipline – to control the things that we have control over... like spending.
- Prudence – to recognize that in a global economy there are many variables over which we have virtually no control, and we need to plan and protect ourselves from the unexpected.
- Vision – to train and educate young British Columbians; to develop the public infrastructure; to work with the private sector to build an economy and create the jobs that will see B.C. lead Canada through this Asia-Pacific century.

And British Columbians will recognize and take pride in one other function of our fiscal game plan that distinguishes us to an even greater extent than it did last year.

Through their hard work and perseverance, British Columbians have scored a fiscal hat trick. For the third year in a row British Columbia will have a balanced budget.

Easy to say. Much more difficult to accomplish. The league we play in is ever-changing.

The U.S. economy is strengthening, but the longer-term outlook remains uncertain.

China's doing well, comparatively, but has just recorded its slowest quarterly growth since the recession.

Japan is in recession. Europe's barely growing and may not be far behind.

And closer to home, just across the Rockies, the once-mighty Alberta economy is in a kind of freefall. The government there, by its own admission, can do little more than watch as billions of dollars in anticipated oil revenues disappear.

Even the federal government has delayed tabling a budget, hoping that the impact of falling oil prices will become clearer.

Amidst all of this uncertainty, that exclusive club that I spoke of last year just got a little more exclusive. Alone among the provinces, B.C. will likely be the only jurisdiction to table a balanced budget for 2015.

Here it is by the numbers.

For the fiscal year ahead we are projecting:

- Total spending of \$45.8 billion.
- Total revenues of \$46.3 billion.
- A forecast allowance of \$250 million.

Which results in forecast budget surplus of \$284 million.

Meeting even these near-term targets won't be easy. After all, we're not immune to the forces affecting the rest of the world. And lest there be any doubt, let me emphasize that we remain absolutely committed to continuing the fiscal discipline that got us here.

That discipline remains at the heart of *Budget 2015*. It's the main reason we're able to balance the books and still make modest, strategic investments to:

- Maintain public services like health care and education.
- Strengthen and encourage growth in key economic sectors.
- Make life a little easier for families and those in need.

So let's get to the details. I'll begin, as I usually do, by bringing members up to date on where we are today.

## **2014-15 Fiscal Plan Update**

B.C.'s economy experienced steady, but not spectacular, growth in the first three quarters of 2014. We believe that for 2014, real GDP growth in B.C. will be 2.2 per cent, reflecting positive growth in key sectors including exports, retail sales and housing.

Retail sales have been a genuine source of strength in the B.C. economy, advancing 5.9 per cent year-to-date to November 2014 compared to the previous year. There were notable increases at motor vehicle and parts dealers, general merchandise stores, and food and beverage stores.

B.C. businesses enjoyed solid growth in export sales last year. The value of B.C.'s international merchandise exports was up 6.3 per cent in 2014 compared to 2013.

Growth in B.C. employment has been modest but steady, rising by 0.6 per cent in 2014. The increase translates into about 12,800 more jobs. And B.C.'s unemployment rate dropped to 6.1 per cent in 2014, from 6.6 per cent the previous year, placing us well below the national average.

Within the public sector, significant progress has been made negotiating long-term labour agreements. Currently, there are about 200,000 public-sector employees covered by ratified and tentative agreements negotiated under the Economic Stability Mandate. This represents about two-thirds of all unionized public-sector employees in B.C.

Not only do these long-term agreements provide certainty for citizens and the folks delivering public services, for the first time the hard-working women and men who deliver vital services to British Columbians will have an opportunity to share in the benefits that will accrue if we can exceed the Economic Forecast Council growth projections.

A tangible means of breathing life into the proposition that we really are all in this together!

When we add it all up, for the fiscal year 2014-15 that will soon end, we are on track to meet our financial targets. In fact, based on the data collected to date, we are targeting a surplus for this fiscal year of \$879 million.

## **Economic Forecast for 2015-16**

And what of the year ahead?

Members will know that we seek the advice of the Economic Forecast Council prior to developing the budget. I met publicly with the Economic Forecast Council in December when we reviewed their initial survey results.

I was very pleased and grateful to see members from both the opposition and government sides of the House in attendance to watch some of Canada's leading economists explain the basis for their projections for B.C., Canada, the U.S. and the world economies.

It's still not the hottest ticket in town, but I do believe that by allowing people to witness this fundamentally important exercise in economic consultation, we have begun to eliminate much of the mystery associated with budget making and demonstrate how it is that B.C. has established such an exceptional track record for hitting our targets.

The Economic Forecast Council provided a final update to its December projections early in January.

The contents of that report are contained within the Budget documents. But I can advise members that the Economic Forecast Council is projecting growth for B.C. as follows:

- 2015: 2.6 per cent (2.3 per cent in Canada).
- 2016: 2.8 per cent (2.3 per cent in Canada).
- 2017: 2.5 per cent (2.2 per cent in Canada).

For the purpose of the fiscal plan I am tabling today, the government is projecting B.C. economic growth of:

- 2.3 per cent in 2015.
- 2.4 per cent in 2016.
- 2.3 per cent in 2017.

As usual, these numbers are slightly lower than the outlook provided by the Economic Forecast Council. That represents the first level of prudence in this budget.

We've also built in forecast allowances of:

- \$250 million in 2015-16.
- \$350 million the following year.
- And another \$350 million in 2017-18.

These amounts are allocated to help protect against unforeseen changes. (You know, like a sudden dramatic shift in energy prices!).

We also have, as a third level of prudence, spending contingencies of:

- \$350 million in 2015-16.
- \$400 million the following year.
- And another \$400 million in 2017-18.

By the end of the fiscal plan, we are projecting average annual revenue growth of 2.7 per cent and average annual spending growth of 2.5 per cent, since 2013-14.

The bottom line is projected surpluses of:

- \$284 million in 2015-16.
- \$376 million in the following year.
- \$399 million in 2017-18.

Here is what our budgeting revenue projections do not include... any of the anticipated incremental dollars that may emerge from LNG development. Much has been accomplished, much investment has already taken place.

And while the pricing volatility we have seen in the energy sector certainly adds some challenges to those considering multi-billion dollar investments in B.C., it also represents an opportunity for those proponents who understand and seek to take advantage of the inevitable cycles that characterize energy economics.

So we remain optimistic, but what we won't do is make budgetary assumptions until that first final investment decision has been taken.

Likewise, we are cautious in our forecasts for natural gas prices, consistent with the independent expertise we drew on in preparing our last two balanced budgets.

Commodity prices generally have deteriorated over the past six months. And we have no intention of being caught out—like some jurisdictions—and seeing our fiscal surplus turn into a deficit.

With the global economic recovery still being very much in progress and still very fragile, we cannot overstate the importance of good old-fashioned prudent fiscal management.

### ***Sound Fiscal Management***

If that sounds familiar, there's a good reason. It's always been our top priority. Thirteen to 14 years ago, the Province found itself in a very different position. When this government tabled its first full budget in 2002, we were staring down the barrel of a multi-billion dollar structural deficit.

Governing is always about choices, and we could have carried on down that path. But we were determined to balance the budget, and by 2005 we had. In fact, we delivered five balanced budgets in a row before the tumultuous effects of a global recession in 2008-09 drove us into the red.

And what was our response? We immediately set about the task of developing a game plan that would get us back to balance. From 2009 to 2013 we reduced projected spending by \$3.9 billion.

That restraint served us well, but it did not alter the fact that between 2009 and 2012 we spent \$5 billion more than we received in revenue on vital public services—most of which was borrowed money.

That borrowed money needs to be repaid, and the forecast surpluses I have announced today provide us the means to make significant progress in repaying that debt.

Over the term of the fiscal plan, direct operating debt will decline by more than 50 per cent from \$10.2 billion to \$4.8 billion—the lowest level since 1991.

We will not be a government that leaves it to future generations to pay for the services we benefit from today. We will not be a government that forces future generations to pay for our groceries.

Those same surpluses also mean that even at a time when certain revenues are declining we have options for maintaining a balanced budget and the services that British Columbians rely upon. However, achieving those dual objectives will require ongoing vigilance and spending discipline.

The wage freeze for management-excluded public sector employees remains in place for the present time, recognizing the fiscal reality facing the provincial public sector.

Taking the necessary steps to keep debt affordable will remain a priority and will include:

- Continuing to pursue savings from better cash management across the public sector, as recommended by the Auditor General.
- Continuing to review provincial Crown corporations to ensure that they are operating with the taxpayers' interests at the forefront.
- Ensuring that our three-year taxpayer supported capital plan is built on the basis of reasonable and affordable debt levels.

To be sure, this three-year fiscal plan projects total capital spending in the amount of \$18.7 billion—of which \$10.7 billion is taxpayer supported—to ensure that key investments in health, education, skills training, transportation and public safety infrastructure are made.

The total includes:

\$2.1 billion in infrastructure spending for post-secondary education, skills and trades training, for such projects as:

- Emily Carr University of Art + Design Campus, Great Northern Way, Vancouver
- Okanagan College – Replacement of Trades Buildings, Kelowna
- Camosun College – Renewal/Replacement of Trades Buildings, Victoria
- Vancouver Community College and British Columbia Institute of Technology – Relocation of Heavy Duty/Commercial Transportation Trades Programs, New Westminster

- Nicola Valley Institute of Technology—Trades Facility, Merritt
- Funding for new equipment to support existing in demand priority programs—modernization and additions to increase capacity.

\$1.6 billion in K-12 education infrastructure, including such projects as:

- Centennial Secondary, Coquitlam
- Oak Bay Secondary, Oak Bay
- Kitsilano Secondary, Vancouver
- Wellington Secondary, Nanaimo
- Clayton North Secondary, Surrey

\$2.9 billion in transportation investments, including:

- Evergreen Line Rapid Transit, Coquitlam
- Highway 97: Cariboo Connector
- Highway 1: Mountain Highway Interchange, North Vancouver

\$2.7 billion in health infrastructure, for projects such as:

- Children and Women’s Hospital – Phase 1 and 2 (clinical support building and acute care centre), Vancouver
- North Island Hospitals, Comox Valley and Campbell River
- Interior Heart & Surgical Centre, Kelowna

Two other investments in health care infrastructure stand out as examples of the support our government is providing for British Columbians facing challenges associated with mental illness and substance use.

The \$82-million Joseph and Rosalie Segal Family Health Centre—now under construction at Vancouver General Hospital—will provide short-term, acute care to those suffering from major depression, anxiety, schizophrenia, psychotic and mood disorders, and drug and alcohol addiction.

And the \$62-million HOpe Centre, which opened last fall at Lions Gate Hospital, delivers a comprehensive range of services and supports under one roof for youth, adults and seniors with serious and/or persistent mental illness.

These facilities will support the work of health, child-care, and social workers who strive to improve the mental health of British Columbians, and in particular the approximately 29,000 children and youth who receive mental health services each year in B.C.

And they are but two examples of the critical role infrastructure plays in our daily lives—and the reason we continue to advance our capital plan.

Notwithstanding the magnitude of our building program, over the next three years our taxpayer-supported debt-to-GDP ratio, a key measure of affordability will fall to 16.6 per cent—lower than we forecast in *Budget 2014* and dramatically lower than it was 15 years ago.

Similarly, as we continue to hold the line on spending and implement the debt management strategy, our ratio of taxpayer-supported debt-to-revenue is much improved since *Budget 2014* and is now forecast to decline each year.

We take these steps cognizant of the fact that as a relatively small market, representing only about one per cent of total GDP in North America—our economic wellbeing is influenced by many external factors.

However, like a team striving to make the playoffs, by controlling the things we can control our prospects for success will be that much stronger.

## **Job Growth and Investment**

In an uncertain world... where economic fortunes seem to rise and fall more quickly and unexpectedly than ever... the key to our success; the key to keeping our economy on track; has been our strategy of building a diversified portfolio of trading partners.

In 2001, almost 70 per cent of our merchandise exports went to the United States. Only 2.3 per cent went to China.

By 2014, China accounted for almost 20 per cent of our exports. Asian markets overall accounted for about 37 per cent, with roughly 51 per cent of our exports going to the U.S.

Compare that to Alberta, where 90 per cent of exports in 2014 went to the United States, or Ontario, where the U.S. accounted for 80 per cent—and you start to get a picture of just how far B.C. has come.

We've leveraged our position as Canada and North America's gateway to the Asia Pacific. We've leveraged our cultural and family ties to other countries.

We've leveraged the knowledge and skills of our citizens and the strengths of our natural resources—and, with this budget, we are continuing to build on these advantages.

We are investing an additional \$31 million over three years to support and strengthen economic growth across the province.



And as much as we look forward to reaching final investment decisions to develop LNG, we are at the same time moving forward to support the industries that have for decades supported our families, our communities and our economy—and to promote new and growing opportunities.

The resurgence of mining continues to be a B.C. success story. Mining exports have more than doubled since 2004. Five new mines have opened since 2011. We've also approved seven mine expansions—supporting thousands of existing jobs and generating hundreds of new ones. As we promised in the BC Jobs Plan, average turnaround times for exploration permits have been reduced by more than half. And today we are taking steps to keep the momentum going.

With *Budget 2015* we are:

- Extending for one year the B.C. mining flow-through share tax credit, which provides incentive for mineral exploration.
- Extending the new mine allowance for four years, meaning it will be available to new mines and those with major expansions that start production by December 31, 2019.

We are also providing a base budget increase of \$6.3 million annually to the Ministry of Energy and Mines. This funding will support continued improvements to permitting and regulatory oversight—including increased mine inspections.

New *Mines Act* permit fees have also been approved. We expect them to generate about \$3 million a year—and that money will stay in the ministry, directly supporting service enhancements related to permitting, particularly for major mines.

*Budget 2015* also introduces a measure to strengthen the province's cement industry, which has been working to reduce its greenhouse gas emissions.

In 2011, for example, companies in Richmond and Delta started manufacturing a new cement type that results in a 10 per cent reduction in emissions.

By 2013, the low-emission product accounted for 50 per cent of their sales; it's now the preferred standard for most of our major construction projects.

At the same time, new fuel options like bio-coal are being developed and are becoming more commercially feasible.

Today I am announcing measures that encourage a transition to cleaner fuels and act as an incentive for the industry to lower its emissions even further. Over the next five years the Province will offer transitional assistance to encourage cement companies to meet or beat new benchmarks for emission intensity. We believe B.C.'s cement industry can produce a product that is competitively priced and that sets the standard for environmental sustainability.

With this budget, we are also providing \$25 million over three years to the ministries of Environment and Forest, Lands and Natural Resource Operations to implement the new *Water Sustainability Act*, which will be in force in 2016.

The new legislation replaces a statute written more than a century ago, delivering on the government's commitments to:

- Modernize B.C.'s water laws.
- Regulate groundwater use.
- Strengthen provincial water management in light of growing demands.

With this budget, we are also delivering on government's commitment to direct all revenues from freshwater fishing licences—approximately \$10 million a year—to the Freshwater Fisheries Society for conservation activities. Freshwater sport fishing generates about \$500 million a year in economic activity, much of it taking place in rural British Columbia.

Forestry is another traditional mainstay of our rural communities. More than 40 per cent of the province's regional economies are based on forestry activities, through more than 6,600 businesses.

In the year ahead, we'll be working with our partners in the industry to develop a new Forest Sector Competitiveness Strategy, addressing issues such as market fluctuations, technological advances and changing land-use patterns. Since 2003, we've seen a 30-fold increase in the value of B.C. softwood lumber exports to China. We're looking to repeat that kind of success in India and other overseas markets.

As we continue to build and diversify our natural resource industries, we're making sure that First Nations are partners in advancing economic prosperity.

We continue to make slow but steady progress on the treaty front. In the meantime, B.C. is the first province in Canada to share provincial revenue from mining, forestry and clean-energy projects with First Nations communities; we now have more than 200 revenue-sharing agreements in place—ensuring that First Nations benefit directly from the work taking place in their traditional territories.

Some of that will be driven by transportation improvements. The Province recently completed consultations on a new 10-year plan to guide transportation investments province-wide.

We already have \$82 billion in major projects under construction in the public and private sectors... providing jobs while building out the infrastructure we need to support a growing economy, and growing international trade.

That includes moving forward with the Province's commitment to provide \$5 million over five years to further expand and grow B.C.'s world-class aerospace cluster. The second installment of funding will continue the work that has been launched, aimed at expanding markets and attracting more global business and investment to B.C.

The industry already contributes \$2.5 billion a year to our economy and provides direct employment for 8,300 people. Those impacts can be expected to grow as the B.C. sector forges stronger ties with global partners and exploits our proximity to aerospace giants like Boeing.

The partnership we have established with B.C.'s aerospace industries has received national attention and last fall, the Aerospace Industries Association of Canada opened its annual conference with a ceremony recognizing the leadership and contributions of the government of British Columbia to the overall competitiveness of the aerospace industry in B.C.

In the coming year the government will also be working closely with the association's Pacific branch, airport authorities and local communities across B.C. to eliminate any lingering regulatory hurdles that impede the expansion of our aerospace sector and the family-supporting jobs that go with it.

We are also moving to re-establish an International Maritime Centre in Vancouver. Just like the aerospace cluster, the maritime centre will help to attract more international companies to British Columbia—along with the businesses and jobs that support them.

Legal, financial, chartering, brokering and market-exchange are just a few examples of the so-called upper stream services that make a vibrant shipping centre and add new value to an already-essential industry.

Two decades ago, more than 20 shipping companies called Vancouver home. Since the International Maritime Centre wound down its operations in 1998, more than half of those shipping companies have left—taking a lot of opportunities with them.

That's a loss we're not prepared to countenance any longer.

We intend to partner with the International Ship-Owners Alliance of Canada to re-establish an International Maritime Centre in Vancouver.

We intend to allocate up to \$3 million over three years to draw more shipping companies, and their head offices, to Vancouver—creating long-term, high-paying jobs while further cementing B.C.'s reputation as the preferred gateway between North America and Asia.

## **Tax Credit Extension**

Today, I am also announcing a number of extensions to tax-credit programs that have proven their value in supporting a strong and diversified economy.

First, we are expanding the Digital Animation or Visual Effects tax credit to include post-production film activities. This, in addition to the broader credits already available, will help to keep our film sector healthy.

Second, the Interactive Digital Media tax credit, introduced in 2010, was set to expire this year. Instead, we are extending it to 2018 to continue offsetting the cost of developing video games and other digital media products.

Third, we are providing a one-year increase of \$3 million to the Small Business Venture Capital tax credit program. This will allow for up to \$10 million in additional equity financing for qualifying new businesses in 2015.

With this budget, we are also recognizing the critical role of agriculture in all our lives. B.C. has the most diverse agrifoods industry in Canada, providing approximately 60,000 jobs and generating roughly \$11.6 billion a year for B.C.'s economy.

Of course, the industry also puts food on our tables—through retail outlets, and through donations to food banks.

Every week across B.C., growers donate thousands of pounds of fresh, nutritious food for those who need it most. And we think it's time they saw something in return.

Accordingly, the government will explore options in the coming year to give farmers credit for their philanthropy. In the meantime, we are committing a further \$2 million to our Buy Local program, which helps farmers and food processors promote their B.C. products.

## **Renminbi Hub**

Businesses in B.C., in Canada, and potentially North America will also benefit from Canada's new renminbi hub—the first of its kind in the Americas.

The hub is a financial centre sanctioned by China to clear and settle transactions in the Chinese currency—making it easier and less expensive for people here to do business with China.

The advantages of RMB-denominated trade are significant. The Canadian Chamber of Commerce estimates that direct trade in renminbi could save Canadian firms up to \$6.2 billion in transaction costs over 10 years, and increase the value of exports by as much as \$32 billion.

The Chamber also predicts that B.C., as the leading exporter to China, will be the big winner among provinces with an additional \$9.4 billion in exports over 10 years.

The lion's share of these export gains are expected in the forestry sector, because it is an industry with highly competitive prices in which the use of RMB could make a significant difference to competitive bids.

A recent HSBC survey found that 55 per cent of Chinese businesses will offer discounts of up to five per cent to their trading partners for RMB-denominated transactions. Doing business in RMB also positions B.C. companies to increase their market share in China and build stronger relationships with their customers.

Consider, for example, a forest company exporting \$250 million a year in B.C. wood products to China. Applying HSBC's expectation that, on average, exporters who trade in RMB derive benefits in the order of three per cent, there is potential for additional revenues to this forest company of about \$8 million, plus the benefits that can be afforded from a stronger business relationship.

Applied more broadly, a three per cent benefit on the \$1.8-billion worth of wood product sales to China in 2014 would equal \$54 million, monies that the industry can put to work as it becomes more productive and competitive.

British Columbia advocated strongly for the hub and we applaud the federal government for making it reality. It is, to quote the Canadian Chamber of Commerce, "a unique, once in a generation opportunity for Canada's businesses and banks to leap ahead of competitors and become early adopters" of the world's fastest-growing currency.

This year the government will work with partners like Advantage BC and contribute modest funds to ensure that B.C. businesses are equipped to understand this new tool and put it to work on behalf of their employees.

## **Helping families / communities build for the future**

Why is it so important to manage spending and support economic growth? Because it allows us to continue investing in the services British Columbians need.

Of these, health care is by far the most expensive and continues to account for the single-largest share of our expenditures.

In the next three years, funding increases for the Ministry of Health will total almost \$3 billion. That's a lot of money but, behind those numbers, two very positive stories are emerging.

First of all, we have achieved what few provinces have done and fewer pundits and critics thought we could do: we've reduced the growth rate of health care spending to an annual average of 2.9 per cent—down from nearly eight per cent in the mid-2000s.

Is a slower rate of growth for our health care budget sustainable? I believe it is, particularly if we are prepared to be innovative and explore new ways of delivering services within our publicly-funded health care system. In B.C., we've proven it's possible, and now other provinces, confronted by tough fiscal choices, are coming to the same conclusion.

Second, even as we bend down the cost curve, B.C. continues to have some of the best health outcomes anywhere. For example, we continue to have the longest life expectancy in Canada.

And according to the most recent data from the Canadian Institute of Health Information, B.C. continues to have the country's best survival rates for cancer and heart disease.

Those results are due in part to our ongoing efforts to help British Columbians get and stay healthier by highlighting disease prevention and health promotion activities, including:

- Our partnership with the national ParticipACTION organization to promote healthy living and physical activity.
- The Informed Dining Program, where participating restaurants provide nutritional information on menu items.
- The B.C. Smoking Cessation Program, which continues to help us retain our title—for the 14th consecutive year—as the province with the lowest smoking rate in Canada.

With this budget, we are building on our progress to date with a new investment in cancer prevention.

Today I can confirm that the Province intends to provide up to \$12.5 million to the Canadian Cancer Society toward the establishment of a world-class Cancer Prevention Centre based in Vancouver.

Recognizing that roughly 50 per cent of all cancers are preventable, the centre will focus on research that has the potential to significantly improve health outcomes and, by extension, reduce health care expenditures. By working together with the Cancer Society, other cancer agencies and other governments, the goal of ultimately preventing this insidious disease can be achieved.

As promised, we are also providing new funding for hospice, palliative and end-of-life care—recognizing that, most people, when they have the choice, prefer to receive this kind of care in their own home, or a home-like setting. It's better for them, better for their families and frankly, much more cost-effective than providing care in a hospital.

In 2013-14, as part of our End-of-Life Care Action Plan, we provided \$2 million in one-time funding towards a new BC Centre for Palliative Care, providing leadership and promoting excellence in palliative and end-of-life care.

We also provided over \$8 million to support hospice organizations in Vancouver, White Rock, Qualicum, Clearwater, and Comox.

Today I can confirm that the government will provide additional funding to support hospice services for children and adults, as part of our work towards doubling the number of beds by 2020.

## **Education**

For the Ministry of Education, we are providing additional funding of:

- \$106.5 million in 2015/16.
- \$200 million in 2016/17.
- \$257.5 million in 2017/18.

Our investment in public school instruction will fund the recently negotiated collective agreements with teachers and support staff – including a 33 per cent increase to the Learning Improvement Fund.

*Budget 2015* also continues the government's commitment to ensuring British Columbians get the best value from their education tax dollars. Since 2012 we've been working with school districts to find savings from efficiencies outside the classroom.

Districts are on the right path and, with this budget, we are targeting ongoing administrative savings of \$29 million in 2015-16 and \$25 million the following year.

We're also investing in the health and wellness of students, with \$1 million in additional funding for the BC School Fruit and Vegetable Nutrition Program, which now benefits close to half a million children. This new funding will ensure that milk continues to be provided, free of charge, to participating schools, along with fruits and veggies—and that the program will be available to First Nations band schools.

With this budget we are also introducing a new B.C. education coaching tax credit, recognizing the value of extra-curricular opportunities in our schools. Starting this tax year, teachers engaged in extra-curricular sports and arts activities will be eligible for a \$500 education coaching tax credit.

Building on the children's fitness and arts tax credits, which were introduced in 2012, we are also investing \$3 million in *Budget 2015* to provide an additional \$250 children's fitness equipment tax credit. This measure recognizes that—whether it's soccer or hockey or tennis, or any in a long list of fitness activities—parents are often out-of-pocket for equipment costs, and we want to take a little bit of the pressure off.

The credit will be set at 50 per cent of the amount claimed for the existing B.C. children's fitness credit, so parents won't have to keep receipts for equipment.

## **Skills for Jobs**

*Budget 2015* also supports the Skills for Jobs Blueprint—the government's plan for re-engineering education and training. It provides a seamless path from school to the workplace, to help ensure British Columbians are first in line for the approximately one million job openings expected by 2022.

As part of that plan, *Budget 2015* extends the training tax credit—which benefits both employers and apprentices—to the end of 2017. We are also extending the enhanced credit, which provides an additional 50 per cent for First Nations individuals, people with disabilities, and their employers.

Since the program's inception in 2007, thousands of apprentices have enrolled and gone on to secure stable, well-paying jobs throughout B.C.—building our homes, our infrastructure and our economy.

Extending the credit will keep those benefits flowing to British Columbians, building on the BC Access Grant the government announced last fall. It supports students with financial need who are studying in-demand trades at our public post-secondary institutions.

Over the course of a four-year apprenticeship program, eligible students may receive up to \$44,600 in financial support from the federal and provincial governments. Students with dependants can receive even more.

For example, a student supporting a partner and two children may be eligible for up to \$55,700 to help them get the skills they need to build their careers, and to meet the needs of employers.

Meanwhile, with more and more growth taking place in rural and remote communities, we're taking steps to ensure that everyone in British Columbia has access to high-speed broadband Internet for learning, training, doing business, finding services and staying connected.

This government has set a goal to expand high-speed Internet access to all British Columbians by 2021.



Today I can tell the House that we remain committed to achieving that outcome. But we don't want to make people wait quite so long. With this budget, we will pledge up to \$10 million over two years, to match partner contributions to finish the project before 2021.

## **Supports for those in need**

Continuing investments in health care, education, skills-training and connectivity are fundamental to our quality of life.

They provide a solid foundation for growth and opportunity, and help to attract the families and businesses that, every year, come from around the world to make their homes in British Columbia.

Our income-tax structure is another contributor. We've worked hard since our first day in office to keep rates as low as possible. B.C. families generally have among the lowest overall tax burdens in Canada, including income taxes, consumption taxes, property taxes, health care premiums and payroll taxes.

And British Columbia has the lowest provincial personal income taxes in Canada for individuals earning up to \$122,000 a year.

That's a big improvement over 2001. For example, compared to 14 years ago:

- A senior couple earning \$40,000 a year pays \$774 less in provincial income taxes.
- An individual earning \$50,000 a year pays \$1,334 less.
- A family of four earning \$70,000 a year pays \$2,027 less.

Overall, most British Columbians have had their provincial personal income taxes reduced by 37 per cent or more since 2001. And when we can afford to lower rates even more, we will.

For 2015, we are providing a small enhancement to the B.C. tax reduction. This will mean that a single individual can earn more than \$19,000 a year before paying any provincial personal income tax.

Modest as it is, this measure will benefit roughly half a million taxpayers, letting them keep a little more of their hard-earned income. The annual cost to government is \$5 million.

With this budget, we're also providing additional dollars to support those individuals and families who are most in need. That includes:

- An additional \$106 million over the next three years to Community Living BC to support people with developmental disabilities.
- An additional \$20 million for income assistance programs.

I am also announcing today a significant change for parents receiving both income assistance and child support payments from a non-custodial parent. Effective September 1, 2015, child support payments will be fully exempted from income assistance calculations.

In other words, parents will be able to keep every dollar they receive in child support—over and above what they receive in assistance.

This means an additional \$32 million over three years for some of the neediest children and families in British Columbia.

At the same time, the government will ensure that resources continue to be made available to parents on income assistance to assist them in pursuing support orders from non-custodial fathers and mothers—consistent with our belief that looking after their children should be every parent's first priority.

Approximately 180,000 families will also begin receiving the BC Early Childhood Tax Benefit, starting April 1 this year. It provides up to \$660 a year for each child under the age of six, to help offset the cost of child care.

When combined with federal benefits for families with children, a couple earning \$60,000 with two children under six stand to receive an annual benefit of about \$7,500. And lower income families can receive additional benefits.

Also coming on line this year is the Training and Education Savings grant—a one-time payment of \$1,200 for every child resident in British Columbia who was born since January 1, 2007.

Applications will be available at participating financial institutions in August, and pending approval, grants will be received for as many as 40,000 children every year, once they turn six.

The key condition is that parents or guardians must establish a Registered Education Savings Plan on the child's behalf—so they can get a head start on planning for their future education and training.

With this budget we are providing new assistance for the B.C. Society for the Prevention of Cruelty to Animals. It has a physical presence, and serves a vital role, in most of our communities—without the benefit of funding from the Province.

Many of the society's facilities are aging. They need significant repair and updating, and we recognize the magnitude—and the importance—of the society's capital program.

Therefore government will provide \$5 million towards the replacement or renovation of SPCA facilities in the Lower Mainland, Vancouver Island, Kootenay and Okanagan regions.

This commitment is a show of support for the efforts of SPCA officials and the countless volunteers who are dedicated to ensuring that all creatures great and small are protected from abuse and neglect.

Finally, members will know that in a year when we are marking the centenary of the first War to End All Wars, we also mark the 70th anniversary of the ending of the Second World War.

Through the ministry of cultural development, the government intends to recognize the immense contributions of our World War Two veterans. The value of their courage, their sacrifice, their service to this country cannot be overstated.

In honouring their remarkable service, we will partner with the federal government to ensure that British Columbian veterans wishing to participate in commemoration ceremonies receive the funding support they require. And we will work with B.C.'s post-secondary institutions and governments overseas, including in the Netherlands, to ensure that the friendships born of battle are preserved, and that students' opportunities to learn about this chapter in our history are enhanced.

## **Conclusion**

To recap:

For the next three years, we are projecting surpluses of just over \$1 billion. In light of that, some may ask, Why not spend more? Why not loosen up the purse strings and lavish money on this, that, or the other thing?

Why plan for surpluses? Why be so careful?

Because, Madame Speaker, it's the key to our success. It's the reason that today, we stand probably alone as the only province in Canada to balance its budget this year.

The global economy remains uncertain. Governments everywhere are still struggling with the aftermath of the Great Recession. And even as we deliver this, our third consecutive balanced budget, I want to emphasize to the House that, notwithstanding our projected surpluses— we cannot become complacent.

As a comparatively small, open trading economy, we can never take anything for granted.

I was reminded of something a few weeks ago while watching a small, obscure American sporting event.

There's always the unexpected! Sometimes when you're sure the other guys are going to run the ball, they decide to pass. The trick is to put yourself in a position to take advantage of the unexpected.

If you look back at our province's more recent fiscal history, you'll discover a very revealing truth. It would surprise most people to learn that in the quarter century that passed between 1980 and 2005 the Province recorded only four actual balanced budgets.

Over that period B.C. was governed by three different political parties and it serves as a poignant reminder that—even when times are good—balancing the budget for a multi-billion dollar enterprise isn't easy. It's a huge challenge that requires vision, prudence and discipline.

It demands the kind of game plan that leverages our strengths, build on our successes and guards against the impacts of unforeseen events. And that is exactly what we're tabling today with *Budget 2015*.

It provides, for the next three years:

- \$3.7 billion in additional funding for health care and education.
- \$31 million in measures to strengthen economic growth and job creation.
- \$150 million to make life a little easier for families and those in need.

And so... as we drop the puck on a new fiscal season, we have every reason to be optimistic.

We are the fiscally healthiest team in the league. Our bench is strong; in British Columbians we've already got the most talented players in the league and more are on the way. In 2014, an estimated 43,000 people came to British Columbia, including a net gain of 9,500 people moving here from other provinces.

And that trend is continuing. People are coming home to B.C. They're staying home—to build their lives and raise their families. And that is the ultimate vote of confidence and a winning recipe for a winning team.

With this budget, we are reaffirming our commitment to keep our province on the right track of expanded growth, opportunity and prosperity.

This is our financial game plan for British Columbia and, for the third year in a row, I say with pride, that it is a game plan for Team B.C. that is... Balanced!