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## NEWS RELEASE

### *B.C.'s 5<sup>th</sup>-consecutive balanced budget delivers the dividend of a strong economy*

VICTORIA – British Columbia's fifth-consecutive balanced budget delivers the dividends of a strong and diversified economy and prudent fiscal management by cutting costs for middle-class B.C. families, investing in priority programs and services, and promoting a competitive, job-creating economy, Finance Minister Michael de Jong announced today.

Balanced *Budget 2017* funds new investments for classrooms, mental health services, and other supports for families, children, and those most in need, while leaving nearly \$1 billion more in the pockets of B.C. families by cutting Medical Services Plan (MSP) premiums in half as a first step to eliminating them entirely as it becomes affordable.

Beginning Jan. 1, 2018, MSP premiums will be reduced by 50% for households with an annual net income of up to \$120,000. Following this change, more than two million British Columbians will pay no premiums and a further two million will see a 50% reduction in their premiums—cutting premiums near to levels set in 1993. A typical family of four paying full premiums will save \$900 per year in 2018. A single parent with net income up to \$40,000 and two children will see their monthly premiums drop from \$46 to \$23. A family with net income less than \$35,000 and two children will see their monthly premiums eliminated.

Balanced *Budget 2017* makes significant new investments in classrooms. Compared to *Budget 2016*, the Education budget will increase by \$740 million over three years, including \$228 million more to fund enrolment growth in B.C. schools, funding for rural education enhancement, student transportation, K-12 salary costs, continued funding for the Learning Improvement Fund, and an incremental \$320 million over three years while government works to conclude a final agreement with the BC Teachers' Federation on class size and composition. *Budget 2017* is also funding \$2 billion in school capital projects over three years—to build, replace, renovate, seismically upgrade, and repair schools across the province.

The Ministry of Health will see a three-year increase of \$4.2 billion compared to its 2016-17 base budget, including funding to support government's \$100-million, three-year enhancement in services addressing mental health and substance use issues, particularly for youth. *Budget 2017* also includes

funding for \$2.7 billion in health capital projects—including new patient care towers at both the Penticton Regional Hospital and the Royal Inland Hospital in Kamloops. The recent funding agreement with the federal government will provide additional resources over and above these budgeted amounts for addictions treatment and mental health.

Balanced *Budget 2017* provides an additional \$796 million over three years to support families, individuals and children most in need, including:

- \$287 million over the next three years to the Ministry of Children and Family Development, of which \$120 million is to begin addressing recommendations of the Grand Chief Ed John Report on Indigenous Child Welfare.
- \$199 million to fund a \$600 per year increase to income assistance rates for persons with disabilities.
- \$175 million to provide income assistance supports for those in need, including \$8 million to exempt additional child-related benefits, expected to help 600 families and 1,000 children.
- \$135 million over three years for community living services, primarily via Community Living B.C.

The Province continues to act to address housing supply and improve housing affordability for middle-class B.C. families. Government has committed \$920 million to support the creation of over 5,300 affordable housing units. Leading up to *Budget 2017*, government committed an additional \$65 million to fund another 380 affordable housing units to house the homeless and those with mental health or substance use issues. The BC HOME Partnership program, launched in January 2017, will provide more than \$700 million in repayable down payment assistance over the next three years to help over 42,000 individuals and families get into the housing market for the first time.

As well, the threshold for the first-time homebuyer's program will be increased to \$500,000, saving first-time buyers up to \$8,000 in property transfer tax on the purchase of their first home.

Other changes to help support workers, jobs and the ability of businesses to compete internationally and remain resilient in a challenging global trade climate include:

- Eliminating PST on electricity over the coming two years—saving small, medium, large and industrial businesses across the province \$164 million by 2019-20, which further encourages use of clean B.C. hydro power. This measure was recommended by the Commission on Tax Competitiveness.
- Cutting the small business corporate income tax rate to 2% from 2.5%.
- Extending and enhancing sector tax credits for tech, Scientific Research and Experimental Development, venture capital to support innovation, commercialization, and the tech sector.
- Investing a record \$13.7 billion over three years in new and upgraded provincial taxpayer-supported infrastructure to support services and jobs.

Government is forecasting modest surpluses in all three years of the fiscal plan, helping keep taxpayer-supported debt affordable. By the end of 2019-20, the direct operating debt, forecast at \$1.1 billion, will be 90% lower than the \$10.2 billion in 2013-14. This reduction is estimated to save more than \$500 million in interest costs by the end of the fiscal plan. With continued discipline, there will be an opportunity for B.C. to be free of operating debt as early as 2020-21 — which would mark the first time in 45 years the Province would not be carrying the burden of operating debt.

The Province's taxpayer-supported debt-to-GDP ratio, a key measure of debt affordability, is forecast to decline to 16.0% in 2019-20, down from 17.9% in 2013-14.

The independent British Columbia Economic Forecast Council is projecting provincial real GDP growth to be 2.3% in 2017, 2.2% in 2018, and an average of 2.1% over the 2019-21 period. Reflecting prudence, government is projecting B.C. economic growth of 2.1% in 2017, 2.1% in 2018, and 2.0% over the 2019-20 period.

**Finance Minister Michael de Jong:**

“*Budget 2017* represents this government's fifth consecutive balanced budget, showing the benefits of a fiscal plan that includes steady, solid growth and managed spending. There's additional funding for the programs people rely upon and almost \$1 billion left in the pockets of British Columbians to let them make the choices that are important to them.”

**Learn More:**

For more details on *Budget 2017*, visit: [www.bcbudget.ca](http://www.bcbudget.ca)

For online information and services, visit the Province's website: [www.gov.bc.ca](http://www.gov.bc.ca)

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