

REPORT

Office of the Mayor

To: Mayor Johnstone and Members of Council
Date: March 13, 2023

From: Denise A Tambellini Intergovernmental and Community Relations Manager
File:

Item #: 2023-184

Subject: 2023 Province of British Columbia Budget Overview

RECOMMENDATION

THAT Council accept the following report for information.

PURPOSE

On February 28, 2023 the Province of British Columbia tabled a budget for the upcoming fiscal year and a three year plan. This report outlines the funding commitments over the three year fiscal plan of interest to local governments.

BACKGROUND

BC's first budget under Premier David Eby includes substantial funding increases in housing, health care, income supports and cost of living tax credits, as well as a record level of investment towards capital infrastructure. The budget provides \$5.7 billion in contingencies through the fiscal plan period for climate and emergency response; Clean BC and other spending uncertainties. Significant new spending has been earmarked for healthcare and housing. A summary from the Union of BC Municipalities is included for information (attachment 1).

With a current provincial economic slowdown, deficits are anticipated. Modest deficits are predicted over the next three years: \$4.2 billion in 2023/24 and \$3.8 billion and \$3

billion in the subsequent two years. These numbers represent about 1% of the provincial economy (or GDP) in 2023/24 and slightly less thereafter.

The following funding commitments over the three-year fiscal plan are of interest to local governments:

1. Housing

Budget 2023 makes targeted investments to get people into homes they can afford and lays the groundwork for a refreshed housing plan. The new plan will be released by the Province in the coming weeks.

Significant investments will be made for more affordable, attainable homes built throughout the province. Almost \$1.7 billion in operating and capital funding over the fiscal plan will create thousands of homes. This includes investments in Building BC programs. More information will be available this spring on upcoming requests for proposals for the Indigenous Housing Fund the Community Housing Fund.

A refreshed housing plan will be funded through \$4.2 billion in operating and capital funding, including:

- \$1.7 billion in operating and capital funding for BC Builds and Building BC programs, which includes:
 - \$394 million for transit-oriented development;
 - \$66 million in operating funding to support new housing developed through the Rapid Housing Initiative;
 - \$575 million in capital funding over three years to create post-secondary spaces in high demand areas;
 - \$230 million to renew BC Housing aging rental stock;
 - \$91 million for a pilot project that will provide financing incentives to encourage homeowners to develop new secondary suites;
 - \$11 million to implement legislation, including the Housing Supply Act;
 - \$57 million to unlock new homes through new residential zoning measures and reducing the time and cost associated with local government approval processes.

Decreasing Homelessness Initiatives:

\$1.5 billion in operating and capital funding to help reduce homelessness, including:

- \$228 million over three years to establish new multi-disciplinary teams to provide rapid response for regions responding to encampments;
- \$44 million for those living in encampments to access temporary modular housing;
- \$97 million in operating funding to support health- focused services and resources at complex care sites;
- Up to \$640 million over three years in operating and capital funding for the Supportive Housing Fund; and

- \$109 million to expand shelter and low-income assistance programs.
- Budget 2023 introduces a new property transfer tax incentive to encourage the construction of new purpose-built rentals. It also provides a Renters Tax Credit that will save low- and moderate-income renters up to \$400 per year.

2. Healthcare

\$6.4 billion (including contingencies funding) has been allocated to strengthen the public health care system. Highlights for New Westminster include:

- \$1 billion for a health workforce strategy
- \$1 billion to support those who struggle with mental health, addiction or substance use, including:
 - \$867 million for mental health and addictions services across the continuum of care, including prevention, harm reduction, safe supply, treatment and recovery;
 - \$586 million of this spending will add new treatment and recovery beds throughout BC and fund a new model of “seamless support”.
 - \$169 million in capital investments over three years to create additional complex care beds.

3. Critical Community Infrastructure

\$450 million for Critical Community Infrastructure has been allocated to support targeted projects located in each economic development region in B.C. This includes supplying reliable, clean drinking water, effectively managing wastewater and solid waste, and reducing greenhouse gas emissions.

The Investing in Canada Infrastructure Program is now fully allocated. This new Critical Community Infrastructure funding will help to address key projects to ensure continuation of infrastructure improvements in B.C. communities.

This funding will supplement the \$1 billion Growing Communities Fund currently being distributed to municipalities and First Nations Communities across the province.

4. Climate Action and Adaptation

The budget plans for ongoing increases to the carbon tax rate of \$15/tonne per year (in line with federal requirements), which remain a centre piece of BC’s climate plan. The increases are coupled with significant increases to the climate action tax credit to offset costs to households.

Other climate measures include \$100 million for active transportation, \$100 million per year in capital funding to replace infrastructure damaged from climate emergencies and \$85 million over three years for emergency response planning.

Highlights include:

- \$567 million in operating and capital funding to support climate mitigation and adaptation measures, including:
- \$100 million to help local governments improve active transportation infrastructure; and

5. Community Safety

\$317 million has been allocated for policing and enforcement, highlights include:

- \$87 million for programs to address repeat offending.
- \$65 million for Police Act modernization, cannabis licensing and decriminalization.
- \$150 million for a local government Next Gen 911 Readiness Fund.

6. Emergency Preparedness

Budget 2023 provides \$85 million to increase emergency management capacity in the province and provide new investments in disaster risk assessment, preparedness and mitigation. Funding will also support more cross-ministry coordination, including working collaboratively with local governments and First Nations.

7. Libraries

\$45 million has been allocated to address local priorities and support accessibility, inclusion, and reconciliation. The funding will also support steps to improve access to books, digital collections, programs, spaces, literacy, technology and operating hours.

8. Tax Implications

Although the budget does not include any new changes to the corporate or personal tax rates, it introduces a Renter's Tax Credit, increases the B.C. Climate Action Tax Credit and amends the provincial sales tax rules for online marketplace facilitators and services, among other changes. More information is included for background (attachment 2).

ANALYSIS

The province is facing significant social and environmental challenges. Budget 2023 prioritizes investments in infrastructure, healthcare and over a return to austerity.

While there may not be overwhelming support for corporate interests, this budget responds to the needs of lower and middle income British Columbians.

As multiple crises persist, "shifts in the right direction" won't be enough unless there is a collaborative effort to work with municipal governments, business and the not for profit

sector to ensure resources are coordinated and ramped up to match the scale of these crises. Investments need to be sustained and increased to achieve meaningful and visible progress on the ground: lower rents, quicker access to quality public health care, fewer toxic drug deaths, more \$10/day child care spaces and less climate pollution (among many others).

In advance of an upcoming election in 2024, the City will need to prioritize current capital projects that will align with provincial priorities to be competitive for support.

SUSTAINABILITY IMPLICATIONS

Funding from the Province of BC for infrastructure will provide opportunities for the city of New Westminster to advance sustainability targets.

FINANCIAL IMPLICATIONS

The 2023 Provincial Budget provides opportunities to support the financial well-being of the city and improve the financial viability of qualified capital projects.

INTERDEPARTMENTAL LIAISON

This report was created in liaison with Finance Department and the CAO's Office.

OPTIONS

1. Council accept to the following report for information.

CONCLUSION

On February 28, 2023 the Province of British Columbia tabled a budget for the upcoming fiscal year and a three year plan. This report outlines the funding commitments over the three year fiscal plan of interest to local governments.

ATTACHMENTS

Attachment 1: Budget 2023 News Release

Attachment 2: UBCM 2023 Budget Summary

Attachment 3: KPMG Tax Implications BC Provincial Budget Summary

APPROVALS

This report was prepared by:

Denise A Tambellini, Intergovernmental and Community Relations Manager

This report was approved by:

Lisa Spitale, Chief Administrative Officer