

British Columbia's September 2017 Throne Speech

This Throne Speech continues the new NDP government's path of selective change and review. Combined, the Throne Speech, NDP's announcements of initial initiatives and the Premier's posted mandate letters to his Ministers suggest considerable realignment, and the Budget Update will begin to put a fiscal framework around the new government's programs.

As expected, the *Throne Speech* indicates quick action on reforming government, including overhauling BC's campaign finance legislation to eliminate corporate and union donations, limit an individual's donations and restrict BC political party donations to BC residents. A referendum on proportional representation is promised no later than November 2018. Of particular note is that BC's new NDP government will embrace the *United Nations Declaration of the Rights of Indigenous Peoples*.

The NDP's governance arrangement already is unique, with a Secretariat established in the Premier's Office to implement its *Confidence and Supply Agreement* with the Green Party.¹ To sustain the *Agreement's* principles of "good faith and no surprises", the three-member Green Party caucus is to be fully consulted on all *Budget* issues, other major policy discussions and planned legislation. Each Cabinet Minister is responsible, through the Secretariat, to provide the Green Party caucus with key documents and access to officials.

Importantly, the Finance Minister is charged with maintaining balanced books in fiscal 2017–18 (FY18). This includes covering a number of new costs already announced such as: the expense related to the extensive wildfires this year; the \$100 monthly increase announced for welfare and disability assistance; improved transportation support for the disabled as of January 2018; the elimination of fees for basic adult education and English-language training programs and the removal of tolls on the Golden Ears and Port Mann Bridges beginning September 1. Promised measures include further scaling back Medical Service Plan premiums in January 2018.

To pay for new measures, the NDP election platform outlined several sources of new revenue and a plan for stepped-up efficiencies (side table). During the election campaign, the NDP suggested drawing down the Prosperity Fund after it was built up with deposits of \$100 million and \$400 million in FY16 and FY17, respectively.

Multiple issues are under review, with some examples listed below.

- **The Fair Wage Commission** will develop a path to a \$15 minimum wage by 2021 from \$11.35/hour on September 15 after a 50¢ hike. Indexation is indicated thereafter. The Commission also is to make recommendations to close the gap between the minimum wage and livable wages.
- **The operations and financial situation of the Insurance Corporation of British Columbia and BC Hydro** will be assessed to try to assure affordable

¹ In BC's 87-seat Legislature, the NDP's 41 seat combine with the Green Party's 3 seats to surpass the 42 voting Liberals members, with the 43rd elected Liberal becoming Speaker.

CONTACTS

Mary Webb
416.866.4202
Scotiabank Economics
mary.webb@scotiabank.com

Marc Desormeaux
416.866.4733
Scotiabank Economics
marc.desormeaux@scotiabank.com

The NDP's Revenues and Savings to Fund New Priorities

\$ millions

	<u>FY18*</u>	<u>FY19</u>	<u>FY20</u>	<u>Total</u>
New top PIT bracket for taxable income >\$150,000	125	250	250	625
Raise General CIT rate from 11% to 12%	125	250	250	625
2% Housing Speculation Tax	100	200	200	500
Drawdown Prosperity Fund	120	190	190	500
Raise Carbon Tax rate given federal carbon price	n.a	n.a	140	140
Government efficiencies, Growing the economy	60	260	360	680
Total	530	1,150	1,390	3,070

Source: BC NDP Platform.

rates for the future for basic auto insurance and power, respectively (see Fiscal Pulse, British Columbia's 2016–17 Final Results, p 2–3 [here](#), for a fuller discussion of the two corporations' challenges).

- **An independent study by the B.C. Utilities Commission of the \$8.8 billion Site C hydroelectricity project** currently under construction, commenced in early August to assess whether the project is in the best interests of ratepayers and on track for its scheduled completion in 2024. With a preliminary draft expected by late September and a final report 12 weeks later, three options were to be considered: proceeding with the project; suspending the project to potentially resume building before 2024; or terminating the project and pursuing alternative investments at similar or lower costs.
- **To help assess provincial areas of labour shortages and required training expansion**, a BC registry of Temporary Foreign Workers will be created, similar to registries in Manitoba, Saskatchewan and Nova Scotia.
- **Under review are recent housing measures**, including the 15% additional Property Transfer Tax for foreign buyers purchasing homes in the Greater Vancouver Regional District. It is part of the preparation for a comprehensive housing strategy, in collaboration with municipalities, co-operatives and the private sector. The government also is reviewing possible measures to curb speculation, reduce tax fraud and money laundering in BC real estate and raise the supply of rental, social, co-op and ownership housing.
- **A consultation this Fall is planned with families and child-care providers** to explore the best strategy for achieving a province-wide universal child care program that is accessible and affordable.
- **A task force of experts** will be convened this Fall to report next spring on the best plan for eliminating *Medical Plan Services* premiums and replacing the revenue that topped 2½ billion.
- **Considerable consultation** will likely precede the release of a comprehensive, legislated *Poverty Reduction Strategy*. Objectives within the *Strategy* include a basic income pilot project.

As the NDP's plans for multiple new initiatives stretch Budget affordability, regulatory amendments can work towards similar goals. For example, to protect renters, the government is considering additional regulation of fixed-term leases, agreements that allow landlords to hike rent by more than the maximum allowable increase as dictated in BC's *Residential Tenancy Act* which typically stipulates the rate of inflation + 2% for maximum annual rent increases.

The NDP, in eliminating tolls on the 10-lane Port Mann Bridge (opened in 2012) and the six-lane Golden Ears Bridge (opened in mid-2009), intended to make life more affordable for households and businesses (the annual saving on tolls for a truck is about three times the estimated \$1,500 saving for passenger cars) and level cost structures across the Lower Mainland. In fact, with this action, discussion has heated up on how transit and transportation project priorities will be financed and maintained. An immediate concern is the replacement of the Pattullo Bridge as it nears the end of its long useful life. Tolls were to cover much of the capital cost, estimated at over \$1 billion. Other priorities include determining a replacement plan for the George Massey Tunnel and proceeding with the second phase of the Mayors' ten-year transportation plan which includes the Broadway subway in the City of Vancouver and a light-rail line in Surrey.

After a 0.5% sales tax to fund the Metro Vancouver Mayors' \$7½ billion regional transit/transportation plan was defeated in a 2015 plebiscite, the Metro Vancouver Mayors this past July appointed a commission to report back next spring on mobility pricing, a concept that the Green Party supports. Mobility pricing options vary from road pricing to charges for driving in specified areas (i.e., London's central core) or charges on the total distance travelled.

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