

BC PROVINCIAL BUDGET 2020
BACKGROUNDER - February 19, 2010

I. Summary

This budget is 'mostly harmless' but disappointing in its lack of support for industry.

II. Fiscal Data

Revenue forecasts & Estimates – going from \$59.3 billion in 2019/20 to \$64.2 billion in 2022/23

Expense forecasts & Estimates – going from \$58.8 billion in 2019/20 to 63.5 billion in 2022/23

Analysis: These estimates use relatively conservative figures indicating that from an operating expense viewpoint this government is maintaining a balanced budget.

Debt Increase – The province is engaging in an aggressive capital expenditure program increasing taxpayer supported debt from \$44.6 billion to 58.6 billion, an increase of \$14 billion or 30% over three years.

Analysis: This will increase the debt to GDP ratio to 17.1% which is still relatively affordable. As it is all capital spending the challenge is likely to come from cost pressures as this is a very aggressive building program.

III. Tax Measures

Tax Increase - The top marginal tax rate (income over \$220k) is increasing from 16.8% to 20.5%. This will generate just under \$220 million per year.

Tax exemption – An expansion of the exemption for pollution control and waste management machinery and equipment. This is very minor representing only \$4 million.

Analysis: There is very little positive for industry on the tax front.

IV. Programs

Support for the Forest Industry – there is a program to support forest workers in transition and a program to support coastal forest companies in danger of losing capital equipment. There is no broader program to support the industry.

Clean BC Industrial Programs – There is no expansion of the programs that currently exist for companies emitting more than 10,000 tonnes to apply to other industries. Given that light industry represents roughly a third of industrial emissions this is a big omission.

There are some increases in training spaces and funding, particularly for trades and two year technology programs. Overall my only purely positive note in the budget.