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To: ["Direct to Mayor and Council"](#)
Date: 3/4/2025 5:42:45 PM
Subject: Summary: BC Budget 2025 - March 4, 2025

Dear Mayor and Council,

Today, Minister of Finance, Brenda Bailey, tabled the Government of British Columbia's budget for the 2025-26 fiscal year (Budget 2025). Noting that the provincial government's fiscal year runs from April 1 to March 31, while the City of Vancouver's fiscal year runs from January 1 to December 31.

Budget 2025: Standing Strong for B.C. focuses on protecting jobs and public services and preparing to withstand the unpredictable impacts of U.S. tariffs and delivers an overall message of fiscal prudence. It prioritizes responsible financial management by restricting new spending to essential services and setting expenditure management targets through administrative and operational efficiencies.

Economic Outlook

The Province is forecasting real GDP growth of 1.8% for 2025-26, increasing to 1.9% for 2026-27 and 2027-28. The economic outlook is expected to be impacted by changes to the federal government's immigration policies and uncertainty surrounding restrictive global trade policies and tariffs from the U.S. While the province's economy is more diversified compared to other Canadian provinces, B.C.'s economic activity, including trade, is still influenced by global demand, commodity price volatility, geopolitical risks and uncertainty around global trade policies.

Budget Outlook

Budget 2025 includes a deficit of \$10.9 billion in 2025-26, which is forecasted decline to \$9.9 billion in 2026-27. The Province has included contingencies of \$4 billion annually to address unpredictable costs such as tariff response measure and new collective bargaining mandates.

Budget 2025 includes total government revenues of \$84.0 billion, growing to \$85.7 billion in 2026-27. Expenses in Budget 2025 total \$94.9 billion and are forecasted to grow to \$95.9 billion in 2026-27.

Budget 2025 includes incremental expenses of \$9.9 billion across the three-year fiscal plan primarily to support key public services such as health, education and social services. This increase also includes \$1.5 billion, over three years, to ministry budgets for the final compensation adjustments pursuant to the *Shared Recovery Mandate*. The government is investing nearly \$7.7 billion more over three years for the health, education and social services sectors.

Impacts of the U.S. Tariffs

Budget 2025 anticipates that the impacts of the U.S. tariffs will include:

- \$43 billion decrease in real GDP by 2029.
- 45,000 fewer jobs by 2029.
- An expected decline in provincial revenue of \$1.7 billion to \$3.4 billion per year.

In response to the U.S. tariffs, which took effect today, [Premier David Eby has announced that:](#)

- “Effective immediately, BC Liquor Stores will be pulling all red-state liquor products off the shelf and will not order any more. Here at home, the government, including Crown corporations and health authorities, will be buying Canadian first, then non-U.S. products. This is something that we can't do ordinarily because of trade agreements with the United States. Finally, we're going to make sure support is in place so B.C. businesses can pivot to global and domestic markets.”

Impacts on the City of Vancouver

Projects and initiatives outlined in the budget that will impact Vancouver include:

- \$166 million to develop 350 units through the 128 to 134 East Cordova Street project in Vancouver.

- The project redevelops aging emergency shelter and transition facilities in the Downtown Eastside to provide a variety of social and housing services.
- This is a partnership between BC Housing, the City of Vancouver, Canada Mortgage and Housing Corporation and the Salvation Army Vancouver. The project is expected to be completed in 2026.
- \$24 million over three years to improve timely access to justice, including increasing capacity at the BC Supreme Court, enhancing security at the Vancouver Provincial Court at 222 Main St. in Vancouver and continue expansion of virtual bail.
- \$109 million for FIFA World Cup 2026 Stadium Capital Improvements.
- \$2.3 billion for Long-Term Care facility redevelopment or replacement projects that will provide 2,297 beds built to modern standards in Vancouver, Colwood, Abbotsford, Richmond, Nanaimo, Delta, Campbell River, Kelowna, Squamish, Chilliwack, and Cranbrook.
- \$100 million over the next two years for additional rebate programming for electric heat pumps for low- and moderate-income households to support homeowners in improving energy efficiency.
- An additional \$318 million investment in BC Builds over three years to deliver more homes.
- The Speculation and Vacancy Tax rate for foreign owners and untaxed worldwide owners will increase to 3% of their home's value from 2%, and to 1% from 0.5% for Canadian citizens and permanent residents.
- \$75 million more in 2025/26 and \$150 million more annually starting in 2026/27 to strengthen the Rental Assistance Program, for low to moderate income working families, and Shelter Aid for Elderly Renters Programs, for seniors with low to moderate incomes.
 - Budget 2025 increases the income threshold of the Shelter Aid for Elderly Renters Program from \$37,240 to \$40,000. Enhancements to the program will also provide nearly 30 per cent more funding on average, with the average supplement increasing from \$261 to \$337 per month.

For additional details on Budget 2025, please see the following links:

- [News Release](#)
- [Budget 2025 Website](#)
- [Budget and Fiscal Plan](#)
- [Budget Speech](#)
- [UBCM News Release](#)

Reactions to the Provincial Budget

- “Today, BC’s NDP put up a busted budget & a record setting deficit with ZERO major tax relief for everyday, hardworking people – while INCREASING BC’s Carbon Tax. Yikes.” – John Rustad, Leader of the Conservative Party of BC
- “What this budget does is buy us time. Social supports are maintained, housing is prioritized, and there’s some effort to get more money to the front lines in healthcare. But what happens in a year when these short-term fixes run out and the debt has grown another \$10.9 billion? There isn’t an action plan here for a 21st-century, innovation-driven economy that builds resilience in our society, protects our environment, and tackles climate change.” – Rob Botterell, BC Green Party MLA for Saanich North and the Islands and Finance Critic
- “In this moment of deep uncertainty, we need government investment in systemic solutions, not another ICBC rebate cheque. Meanwhile, only \$238 million is allocated to fire management when wildfires cost us over \$1 billion in 2023/24. It’s also troubling to see a \$100 million cut to the Ministry of Food and Agriculture when food insecurity and scarcity escalate.”
- “The new finance minister was given a difficult task as there was little fiscal room left to respond to unjustified tariffs ... While the government has talked openly about the need to grow the economy and attract private sector investment, we await the transition from words to action.” – Bridgitte Anderson, President of the Greater Vancouver Board of Trade
- “It’s a very sobering budget. The truth of the matter is that a strong economy drives revenues toward government, with which they pay for essential services. Now they’re investing in essential services today, and all of those are important. However, when we look at the impact of the budget on businesses today, there aren’t enough consequential actions taken that will ensure the success of businesses.” – Fiona Famulak, President of the BC Chamber of Commerce
- “Revenue is absolutely critical. We need to develop and grow the economy, and we need to diversify the economy. But look, it’s easy to say those things. What that fundamentally means is we need to adjust to the new trade relationship framework. We need to see this not as a blip, but as a fundamental reconstruction of our trade networks.” – Paul Finch, President of BC General Employees’ Union
- “Working people are already facing tough times, and these tariffs threaten to make them a lot harder. So it’s good to see the BC budget reject austerity, and continue to build on our strengths. The way to build economic strength in response to this threat is to invest in working people and good jobs. That’s the backbone of BC’s economy.” – Sussanne Skidmore, President of BC Federation of Labour (BCFED)

A summary of commitments included in Budget 2025 are below for your information.

Best,

Paul

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City Manager

City of Vancouver

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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the x m k y m (Musqueam), S wx\u817_wú7mesh (Squamish), and s lilw ta (Tsleil-Waututh) Nations.

Below is a high-level summary of commitments included in Budget 2025

1. Business and Economy

- Introduce major production tax credit.
- Amend regional and distant location tax credits for animation productions.
- Increase interactive digital media tax credit to 25 per cent and make permanent.

2. Housing

- \$2.8 billion over three years in taxpayer-supported capital spending will be invested to develop housing across British Columbia.
 - These projects are expected to create thousands of new homes over the next three years, providing a mix of shelter space, supportive housing, affordable housing, and market rental housing.
- To help ensure residential properties are used as homes rather than investments, Budget 2025 increases the speculation and vacancy tax rates.
 - The rate for foreign owners and untaxed worldwide owners rises to 3% of their home's value from 2%, and to 1% from 0.5% for Canadian citizens and permanent residents.
- An additional \$318 million investment in BC Builds over three years to deliver more homes.

3. Healthcare, Mental Health and Addictions

- \$870 million over three years to support the opening and operation of new or renovated hospitals and health care facilities, including the new St. Paul's Hospital in Vancouver, the Royal Columbian Hospital redevelopment in New Westminster, the Mills Memorial Hospital replacement in Terrace and Royal Inland Hospital enhancements in Kamloops.
- \$75 million more in 2025/26 and \$150 million more annually starting in 2026/27 to strengthen the Rental Assistance Program, for low to moderate income working families, and Shelter Aid for Elderly Renters Programs, for seniors with low to moderate incomes.
 - Budget 2025 increases the income threshold of the Shelter Aid for Elderly Renters Program from \$37,240 to \$40,000. Enhancements to the program will also provide nearly 30 per cent more funding on average, with the average supplement increasing from \$261 to \$337 per month.
- \$500 million over three years to support and sustain addictions treatment and recovery programs established through previous budgets. This includes Road to Recovery, Foundry, supports for children and youth and Indigenous-led treatment, recovery and aftercare services.

4. Supports for People Experiencing Homelessness

- An additional \$90 million over three years to expand existing programs such as HEART and HEARTH.
- \$325 million in new funding over three years to provide more community-specific supports to help people living in encampments.

5. Justice and Public Safety

- \$235 million over three years to support various justice and public safety programs.
- \$67 million over three years to support ongoing and new initiatives aimed at improving community safety. This includes the Repeat Violent Offending Intervention Initiative and the Special Investigation and Targeted Enforcement Program which were first funded through Budget 2023.
- The Province is also introducing a new Community Safety and Targeted Enforcement Program pilot.
 - This initiative will specifically target robbery, shoplifting, theft, mischief to property and property-related offenses, providing police with enhanced tools, technology and investigative resources to curb these crimes. This will support safer communities by helping to tackle street disorder, stabilize commercial areas, protect jobs and support B.C.'s economic growth.

6. Transportation and Infrastructure

- An additional \$47 million over three years to support community transportation networks provided by BC Transit, to ensure reliable bus and handyDART services in 130 communities outside the lower mainland.
- \$16 billion over the fiscal plan to build and improve bridges, roads and transit to make it easier and faster for people to get to work and home, while also strengthening our supply chains to ensure we can keep goods moving quickly.
- \$59.9 billion in capital spending on schools, hospitals, roads, bridges, hydro-electric projects and other infrastructure around the province over the three-year fiscal plan period.
- Increase the maximum tax rate on parking rights that the South Coast British Columbia Transportation Authority (TransLink) can charge in the TransLink transportation service region is from 24 per cent to 29 per cent.

7. Education

- \$4.6 billion over three years will be invested in K\u201312 schools across the province.