

## **Dermod Travis: B.C.'s vaunted lowest tax burden an illusion**

DERMOD TRAVIS, TIMES COLONIST  
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Government policies should be designed to help citizens as they try to move up the economic ladder, not penalize them for trying. On that count, this week's budget from Finance Minister Mike de Jong is an abject failure.

In its budget highlights, the government presented four scenarios to bolster its case that "British Columbians continue to have one of the lowest overall tax burdens in Canada."

But buried deep in another budget document — on Page 106 of the three-year fiscal plan — are two other scenarios and, strangely, B.C. doesn't fare quite as well in comparisons.

If we accept the government's numbers at face value, a single individual earning \$80,000 in B.C. would have the lowest tax burden in Canada. Yet, a single individual earning \$25,000 has the third-lowest burden in Canada. A two-income family of four earning \$90,000 has the second-lowest burden, but a two-income family of four earning \$30,000 has the fourth-lowest.

Notice a pattern? The wealthier you are in B.C., the lower the comparative burden when compared to other provinces.

Undoubtedly, it's a coincidence, but surely no government would stoop so low as to design fiscal scenarios that were the most favourable for their political spin, such as setting income levels marginally below where the full impact of MSP premiums might kick in, which would likely throw some of those favourable interprovincial comparisons out the window.

It's why what other provinces say about tax burdens is so fascinating.

According to the Saskatchewan government's inter-city comparison, a family living in Vancouver, earning \$50,000 in 2014, had the highest tax burden of the 10 cities included in the analysis (including property tax). A family earning \$75,000 was a little better off, fifth highest.

Numbers compiled by the Manitoba government don't back up B.C., either. A single parent with one child, earning \$30,000, would have a lower tax burden in seven other provinces than they do in B.C. A two-income household of four, earning \$60,000, would have a lower tax burden in Newfoundland and Labrador, Ontario, Manitoba, Saskatchewan and Alberta.

But what's really killing off the economic hopes of most British Columbians is the incessant nickel-and-diming by a government that lacks the political will to set personal income-tax rates at a level where the tax burden is shared fairly.

Whether it's a B.C. Hydro rate increase, an Insurance Corp. of B.C. premium hike or a rise in MSP premiums, they're all just another way for the B.C. government to pick the pockets of taxpayers. And since income rarely factors into the equation with regressive taxation, it's generally those who can least afford the hit who get hurt the most.

According to an analysis by PBI Actuarial Consultants, MSP premiums for a family of three or more have gone up by 33 per cent since 2009, while per capita health-care costs increased by 15 per cent.

PBI notes that since "all families with an adjusted net household income over \$30,000 pay the same flat MSP rate, the lower the income above \$30,000, the higher the impact of the premiums increase will be."

And since premium assistance levels aren't indexed to the cost of living, every pay raise for someone on premium assistance risks putting them a little further behind the eight ball, as that assistance begins to cut out. The last time that the limit for MSP assistance was changed was in 2010, when it was raised from \$28,000.

By 2017-18, the B.C. government forecasts that MSP premiums will bring in \$2.666 billion, or \$1.06 billion more than they did in 2009-10. The revenue it generates will be \$18 million shy of what the government forecasts its royalties will be from natural gas, forestry and mining combined.

It would seem the B.C. government has found its own prosperity fund in MSP premiums.

Dermod Travis is the executive director of Integrity BC.

[info@integritybc.ca](mailto:info@integritybc.ca)

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