

Budget '98

BUDGET SPEECH

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Minister of Finance
and Corporate Relations



Budget '98

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BUDGET SPEECH

Honourable Speaker, I'm very pleased to present the 1998/99 budget to the Legislature and to the people of British Columbia.

Finance ministers have a tradition of buying a new pair of shoes for the budget speech. It is a tradition I felt a strong obligation to continue.

Honourable Speaker, the budget I am tabling today builds on B.C.'s strengths, while it also charts some new directions. I will come to the new directions in a moment, but let me start by reviewing some of the strengths we intend to build on.

From the day we were elected, our government has protected education and healthcare services — even as we set out to restore the province's financial position. When other provinces made cuts to education and health care, we protected and improved funding for schools and hospitals. And we continue to do so.

Honourable Speaker, we have created hundreds of parks and set aside millions of hectares of wilderness reserves so that future generations can experience the natural wonders of British Columbia. Two hundred eighty parks and protected areas covering over 400 million hectares have been created since 1991.

From 1990 to 1997, employment in the whole of Canada grew by 5.9 per cent. During the same time period, employment in British Columbia grew by nearly 18 per cent — that's three times as fast. More than 275,000 new jobs were added — more than one-third of all the new jobs in the whole of Canada.

Notwithstanding the downturn in employment of the last few months, we have led the country in job creation for most of this decade. Helping to create good quality jobs for British Columbians is our government's Number One priority.

1997/98: GOVERNMENT SPENDING DOWN FOR FIRST TIME SINCE 1958/59

Honourable Speaker, when this government took office in 1991, the provincial deficit stood at a punitive \$2.5 billion. We have reduced it every year since then.

Our financial results from last year show the benefits of prudent fiscal planning.

Here's what happened in the 1997/98 fiscal year:

- We reduced government spending for the first time since 1958/59. Last year's spending was \$100 million less than the year before — and that includes increases for health care, social services and education.
- We met our revenue projections in last year's budget — bringing in \$20.2 billion, despite the slowdown in forest revenues.

As a result, we ended the year with a deficit of \$169 million, well below our target of \$185 million.

- Our provincial tax-supported debt is \$780 million less than projected in last year's budget.

As a result, our taxpayer-supported debt-to-GDP ratio is the second lowest in Canada and our per-capita debt and debt-servicing charges remain the lowest in the country.

That we were able to meet or do better than our budget projections, despite difficult economic times, is a testament to the commitment and foresight of my predecessor as Finance Minister, the member for Saanich South.

And I would like to thank him on behalf of members of this House.

Honourable Speaker, in addition to the government's strong fiscal management, there are other factors which strengthen B.C.'s economy.

The North American economy — the market for more than two-thirds of our exports — remains strong.

Interest rates remain low.

***Last year's results —
... spending down
... revenue on target
... debt/deficit below target***

The Canadian dollar is at a competitive level for British Columbia firms exporting to the United States.

Our “new economy” is growing rapidly — with some spectacular successes in software development, high-technology manufacturing, tourism, the knowledge-based service sector and the entertainment industry, including film and television production.

Our population is among the best educated in the world. And our province — with its unsurpassed quality of life — is the Number One place Canadians want to live.

But now, Honourable Speaker, as we take stock, we should look not just at our accomplishments, but also at our challenges. A significant portion of our trade — and British Columbia depends on trade — is with Japan and the other Asian nations. Right now those economies are struggling, their currencies under pressure, and their growth-rates in decline.

We are also an economy which relies on the resource sector, and there too we face real challenges as prices of lumber, oil, minerals and metals are all in cyclical downturns.

Our province cannot be immune to the economic turmoil in Asia, or to cyclical downturns in the prices of minerals and forest products, any more than Alberta is immune to downturns in oil and natural gas, or Saskatchewan to depressed grain prices.

Over the last 10 years, while B.C. has grown rapidly, each of the other regions of our country has been forced to deal with the effects of economic changes and market downturns. Now we must do the same.

Honourable Speaker, the people of British Columbia are prepared to meet this challenge, and so is this government.

We have consulted widely in preparing this budget. We have listened to the views of ordinary British Columbians. We have heard from labour and community organizations. And we have consulted with big and small business.

The advice we received ranged from making deep cuts in taxation and letting the deficit grow to \$500 million, to balancing the budget now and deferring any tax cuts until later.

“Our province cannot be immune to the economic turmoil in Asia, or to cyclical downturns in the prices of minerals and forest products ...”

“We consulted many groups in preparing this budget”

“We intend to cut the cost of doing business and make B.C. competitive”

We also heard about the costs of red tape and over-regulation. And we heard of specific challenges facing different sectors.

A PLAN TO ENCOURAGE INVESTMENT AND JOBS

Honourable Speaker, based on our consultations, we have developed a plan to stimulate the economy, encourage investment and help create new jobs. We intend to cut the cost of doing business and make B.C. competitive. Specifically we will:

- cut taxes to stimulate business investment and create jobs
- revitalize our traditional industries
- give small business a break
- support the new knowledge-based economy of the 21st century
- cut red tape and over-regulation so that business spends more time doing business, and
- get us working together to create a new and positive business climate.

At the same time:

- for the fourth year in a row, we will continue to cut the tax burden and increase the purchasing power of low and middle income families
- we will continue to cut government overhead costs
- and we will do this within a fiscally sustainable plan to balance the budget next year.

Honourable Speaker, here is what the 1998/99 budget will do for B.C.:

1. Taxes cut for 40,000 small businesses

We will reduce the tax burden for small businesses to the lowest rate since 1986, by cutting the small business corporate income tax rate by 11 per cent over two years. On January 1, 1999, the rate will be cut from 9 per cent to 8 1/2 per cent, and on January 1, 2000, to 8 per cent.

This tax cut will help over 40,000 small businesses continue to create new jobs in our province.

Taking action on business' concerns with targetted tax cuts

2. Corporation capital tax eliminated for 10,000 small businesses

Honourable speaker, we have heard the concerns of the business community regarding the corporation capital tax. And we are making changes.

Effective January 1, 1999 we are raising the tax exempt threshold from \$1.5 million in paid-up capital to \$2.5 million.

We will increase the threshold to \$3.5 million on January 1, 2000 and to \$5 million on January 1, 2001. This will reduce the number of firms paying the tax by more than 40 per cent.

These are positive, affordable changes. Changes that will eliminate the corporation capital tax for 10,000 small businesses and will mean that 90 per cent of businesses in B.C. will pay no corporation capital tax.

And I should remind the House that a two-year holiday from the tax is already provided for new investments. This tax holiday will continue.

3. Revitalizing traditional industries

Honourable Speaker, forestry, mining, and oil and gas will continue to play a key role in our province's economic success. We have consulted in each of these sectors on ways to improve competitiveness and spur additional investment and job creation. Specific economic stimulation initiatives in these sectors are being developed and will be announced during this session.

Honourable Speaker, the forest sector has been hit hard by price declines of up to 25 per cent from year-ago peaks for lumber and over 40 per cent from peaks in late 1995 and early 1996 for pulp.

A stumpage reduction averaging \$2.50 per cubic metre across the province is already scheduled to take effect on April 1. This change occurs due to the decline in industry price levels, and follows the existing stumpage formula. Over the next three months this will reduce industry costs by approximately \$25 million.

Corporation capital tax cuts — 90% of businesses will no longer pay CCT

Forest sector — reductions in stumpage and regulatory costs

**Mining —
... more access to
lands to explore
... more certainty
... one-window
permitting**

**Oil and gas —
lower taxes and fees**

**Farming —
fuel tax eliminated**

We are working closely with the forest industry to improve competitiveness by further reducing stumpage charges and simplifying the regulatory framework.

Over the next three months, the costs of the forest industry will be cut very substantially through this combination of stumpage reductions and regulatory changes. This will generate investment in the industry and strengthen forest jobs and forest communities, without eroding environmental standards.

The Minister of Energy and Mines is working with business leaders on measures to improve competitiveness and provide incentives in the energy and mining sectors.

To assist the mining industry, security of access to mineral lands outside Protected Areas will be enhanced, and we will work to resolve claims for mineral tenures which are included in Protected Areas. A new mineral exploration code will ensure responsible environmental practices. And a “one-window” permitting approach will cut red tape.

In the oil and gas sector, we are working with the industry on ways to expand exploration and production. The Premier’s Oil and Gas Initiative was launched in February with the signing of a memorandum of understanding between the province and the Canadian Association of Petroleum Producers. A memorandum of understanding with Treaty 8 First Nations was signed last week by the minister responsible. There will be further announcements of new incentives in the oil and gas sector shortly.

I am also pleased to announce today, Honourable Speaker, that the government will be providing tax relief to farmers — by eliminating the tax on coloured fuel used on farms. In addition, the agriculture ministry’s budget has been increased to help farmers recover from the weather-related crop failures in the Peace River, Okanagan, Lower Mainland and on Vancouver Island.

4. Strengthening our new economy

In addition to changes to revitalize the traditional sectors of our economy, we are also making changes to support the dynamic new sectors of B.C.’s economy.

Many of these companies are small, young and rapidly growing. Their greatest asset is their people — people who compete in a global market for technical and management expertise.

To help B.C. business keep and attract these highly qualified people, effective January 1st, we will lower income surtaxes to reduce the top marginal income tax rate from 54.2 per cent to 52.7 per cent. We will further reduce the rate to 51.3 per cent January 1, 2000 and to 49.9 per cent on January 1, 2001.

These changes to surtaxes will help maintain our competitive position and ability to create jobs in BC.

B.C.'s film industry is now one of the largest in North America. The value of film and television production totalled over \$600 million in B.C. in 1997. The industry employs over 25,000 British Columbians full- and part-time.

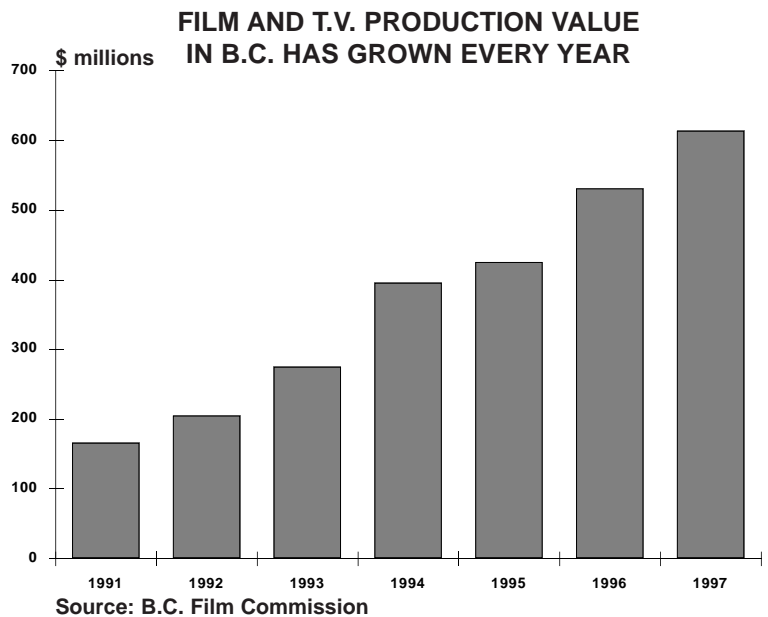
In October, the government announced Film Incentive BC — a \$15-million per year tax credit which assists home-grown productions and encourages film locations outside the Lower Mainland.

I'm pleased to inform the House that following consultations currently under way with the industry we will be announcing measures to ensure that B.C. improves its position as an attractive location for foreign producers.

National and international telephone call centres are a high-growth source of knowledge-based jobs. Competition between jurisdictions for call centres is intense. To make B.C. more competitive as a call centre location, the sales tax on 1-800 and equivalent lines is eliminated effective April 1, this year.

Marginal tax rate cut for next three years

Film incentives for domestic and foreign productions



Sales tax eliminated on 1-800 lines

***Jet fuel tax cut
continues for
aviation***

Vancouver International Airport has been extremely successful as a gateway between North America and Asia. As announced earlier the tax on jet fuel will be cut — from four to three cents per litre effective April 1, 1998 and then to two cents per litre on April 1, 1999.

Tourism is one of the strongest and most important sectors of our economy. Last year, we established Tourism BC — providing stable funding of \$19 million from a dedicated portion of the provincial hotel room tax.

This year, tourism in rural B.C. will benefit from funding to significantly expand the provincial campground system. During the past three years, 400 new campsites were built. We have targetted 1500 more campsites for this year and next. Further resources are provided in the budget to tackle the backlog of commercial backcountry recreation applications.

5. Cutting red tape

***“We want to
make it easier
to do business
so that
business can
create jobs”***

Honourable Speaker, in all our consultations, we heard the business community’s desire to develop a more efficient regulatory framework as a major way of cutting costs and remaining competitive.

Honourable Speaker, we recognize the need to cut red tape in British Columbia. We want to make it easier to do business so that business can create jobs.

We know that the number of regulations and how they are administered adds to costs and delays. We recognize that the relationship between individual businesses and government agencies has become complex and often inefficient. We are determined to work with business to fix it.

That does not mean lowering standards. Penalties and enforcement for non-compliance should and will remain strong. What it does mean is focusing less on process and more on results.

***Streamlining
legislation
announced***

In this session, legislation will be introduced to streamline filing and registration requirements; eliminate duplication; allow electronic and other alternative filing methods; increase one-stop and one-window approaches; and allow government to amend out-dated and cumbersome approval processes.

To help business work with government, a business advocate will be given the mandate to help streamline administrative and regulatory process.

And to work on the unique issues faced by small businesses, a task force, made up of business and government representatives will be asked to report to me by June 30 on how to cut red tape, improve competitiveness, and create jobs for British Columbians.

6. Creating a positive business climate

Honourable Speaker, in the weeks ahead I hope that the consultations we have begun, the tax cuts and incentives I have announced, and the programs to cut red tape and improve competitiveness, will all be seen as clear signals.

- a signal to those we have consulted, that we've listened, and have taken action;
- a signal to investors and business — people in B.C. and the rest of the world — that you're welcome here and that B.C. is a good place to invest.

HYDRO RATE REBATE BENEFITS BUSINESSES AND HOUSEHOLDS

Honourable Speaker, our government introduced a freeze on Hydro rates two years ago. Last year, the Crown corporation had strong financial results. Based on this strong performance, our government has declared a rate rebate for all B.C. Hydro customers and an extension of the freeze until March 31, 2000.

Two per cent of last year's electricity bill will be rebated to all residential and small commercial customers. And a one per cent rebate will be granted to large commercial and industrial customers.

TAX CUTS FOR INDIVIDUALS AND FAMILIES

Honourable speaker, through this government's past budgets, we have made every effort to reduce costs for ordinary British Columbians and give them additional spending power.

Today, continuing that commitment, I'm pleased to announce that personal income taxes will be reduced by two per cent. Effective January 1, 1999, the tax rate will go down to

***Small business
task force to report
on red tape,
competitiveness
and job creation***

***"We've listened
and taken action ..."***

***B.C. Hydro
rate rebate
and freeze
for all
customers***

***Income tax cut
two per cent for
all taxpayers***

***Freezes stay for —
... taxes
... ICBC
... tuition***

***“ ... by next year,
the disposable
income of a single
parent with two
children, earning
\$30,000, will be
\$1200 a year higher
than in 1995”***

***\$1.25 billion to build
... schools
... hospitals
... roads
... transportation***

49.5 per cent. Honourable Speaker, this will mark the fourth year in a row the government has cut the tax rate for middle- and low-income families.

Every B.C. taxpayer will benefit from this change.

I'm also pleased to announce that all other tax rates for individuals and families remain frozen to the year 2000. This includes rural area residential tax rates, residential school taxes, and non-residential school taxes.

ICBC premiums and university tuition fees all remain frozen this year.

The BC Family Bonus, introduced by this government in 1996, will also continue to provide financial relief to 230,000 B.C. families.

I am also pleased to announce, Honourable Speaker, that we will extend premium assistance under the Medical Services Plan to cut the cost of premiums for 80,000 B.C. individuals and families with modest incomes.

All of these measures together, Honourable Speaker, mean that by next year — the disposable income of a single parent with two children, earning \$30,000, will be \$1200 a year higher than in 1995. And, for a two-income family with two children earning \$55,000, it will be \$1050 higher.

CAPITAL INVESTMENTS TO KEEP BC COMPETITIVE AND CREATE JOBS

Honourable Speaker, it is crucial that our province continue to modernize our infrastructure so that we can compete internationally, get through the Asian downturn, and build a strong economy with new jobs.

To provide for essential infrastructure, we are increasing capital spending by \$275 million over the amount spent last year — to \$1.25 billion for new schools, hospitals, roads and transportation projects.

Through these investments this year, Honourable Speaker, we will also help to counter the impacts of the economic downturn. This investment alone will create an estimated 3,700 jobs in design and construction throughout the province. Contracts will be awarded based on competitive bidding to save taxpayers' dollars.

I should emphasize, Honourable Speaker, that we are making sure we get the most from each of our capital investment dollars. During the last fiscal year, all capital projects were reviewed and over 100 ways to cut costs were developed. These are continuing to save taxpayers an estimated \$200 million annually.

KEY PRIORITIES

\$228 million more to protect and improve health care

Turning now to health care, I am pleased to announce that health spending is increased in this budget by \$228 million, the seventh straight year that health care funding has been increased.

Honourable Speaker, this government has increased health spending by almost \$2 billion since 1991; no other government comes close to matching that record. B.C. continues to allocate more money per person for health care than any other province.

Since 1991, our government has increased health spending by 15 per cent per person, but in the rest of Canada, health spending has actually been reduced by 2 per cent.

I say that the people of this country have a right to expect the federal government and other Canadian provinces to stand up for medicare, as we are doing.

This year's new funding will add \$63 million to hospital funding, add \$10 million for the new mental health plan, and add \$66 million more for Pharmacare.

We are also providing more funds to reduce waiting lists, as well as to add treatment resources for heart, cancer and kidney patients.

More teachers and classrooms for BC students

Honourable Speaker, I want to turn now to funding for education.

Our government believes that education and training play a critical part in preparing our young people for the economy of tomorrow. B.C. already has a highly skilled and educated workforce, and our students consistently rank among the top achievers in national and international assessments in mathematics and science.

B.C. health care spending increased for seventh year ...

... while funding cut in rest of Canada

***New funds for —
... hospitals
... mental health
... Pharmacare
... waitlists
... treatments***

**Funds for new teachers
and front-line staff**

**Five-year,
\$1.5-billion
school building
program**

**While fees frozen in B.C.
... other
Canadian students
face steep hikes**

But while we do well, we can do better. Teachers and parents have told us that children need more individual attention if they are to strengthen their reading and writing skills.

The budget I am tabling today contains two major new commitments to education funding.

First, funding for Kindergarten to Grade 12 education is being increased by over \$100 million. This will provide for 400 new classroom teachers, and 300 additional librarians, counsellors and classroom aides.

Honourable Speaker, we also owe our children the proper facilities in which to learn. Even though in the past seven years we have built classroom space for over 80,000 new students, demand is still growing.

Therefore, the second commitment I am pleased to announce today is that a total of \$1.5 billion in new school capital construction will be provided over the next five years, with the first \$339 million in this budget.

More opportunity for BC Youth

Honourable Speaker, our government believes that every young person who wants to go on to post-secondary education should be able to. Last year, we committed to fund an additional 2,900 new spaces, and I am pleased to announce that this budget provides \$40 million to fulfill this commitment.

I am also pleased to announce that the freeze of college and university tuition fees is being extended for 1998/99.

Let me tell the House what this means for students and their families. Since 1995, when the freeze was introduced for British Columbia students, tuition fees across the rest of Canada have increased by 16 per cent — that is about \$1200 more for a student to complete a four-year degree program.

And Honourable Speaker, that's the Canadian average. While fees have been frozen in B.C., students in Alberta, where fees have increased by 20 per cent, are paying \$2000 more. In Ontario, students have had fee hikes of over 30 per cent, or about \$3200 for a four-year program.

While fees have been skyrocketing across the country, here in B.C. we have frozen tuition fees for 150,000 college students for three years in a row.

Our commitment to youth also includes programs to help make the transition into the workforce. Honourable Speaker, I am pleased to announce an additional \$26 million in funding for youth employment and training programs. Last year, 11,500 young people benefited from these opportunities. Our target for 1998/99 is 17,000 young people.

Support for children and families in need

Honourable Speaker, British Columbia has been in the forefront of support for children and families in need.

I'm very pleased to report to the House that social assistance caseloads have dropped by 8 per cent over the past year. That means approximately 27,000 fewer people on welfare in British Columbia. This is a direct result of the government's initiatives to help people move from income assistance into the workplace.

The BC Family Bonus is instrumental in the effort to provide support for working families with low and modest incomes. B.C. has already invested \$400 million in each of the past two years in the Family Bonus program which is now a model program being extended across Canada.

In addition, we are increasing funding to the Ministry of Children and Families by \$64 million to help meet needs of those children who are at greatest risk. This means a significant increase in services, including the hiring of additional child protection workers.

We will also be providing money for two new transition houses for women and children — one to serve Salt Spring Island and the other in New Westminster.

A PRUDENT FISCAL PLAN

Honourable Speaker, let me now turn to our financial bottom line.

British Columbia is and will continue to be an export-dependent economy. Our economy grew slowly in 1995/96, it picked up in the first part of 1997, and then the economic slowdown in Asia dampened our growth once again.

Honourable Speaker, we expect the economy to grow by 0.9 per cent in 1998 and by 1.7 per cent in 1999.

***Youth programs
given boost***

***Fewer people
on welfare —
more at work***

***More protection for
children at risk***

***Prudent revenue
forecasting
continues***

In preparing this budget, we maintained the principles of fiscal sustainability that my predecessor set out in last year's budget:

First, economic growth and job creation must be a central component.

Second, budget forecasts must be built on prudent economic assumptions.

Third, we must continue to reduce the deficit and move into surplus.

Fourth, debt levels must be sustainable.

This budget continues to meet all of those principles, with economic stimulation and job creation as key priorities.

I have spoken about the need to continue prudence in forecasting. Rather than forecasting revenues based on 0.9 per cent growth, I am choosing to forecast revenues based on growth of 0.3 per cent.

This will allow a \$130 million revenue buffer to respond to unanticipated economic risks, in addition to the \$75 million contingency fund.

Based on that prudent forecast, revenue is forecast to increase by \$230 million this fiscal year to \$20.441 billion.

Cutting the cost of government

Honourable Speaker, expenditures for this year are budgetted at a total of \$20.536 billion. This represents an increase of \$141 million over last year — a growth of 7/10 of one per cent.

Within this increase in total spending, we have increased funding for education, health care, and services for children and families by \$419 million.

“Holding the line” has meant difficult choices. While federal transfer payments have continued to decline, we have cut or continued the freezes on taxes, medical services premiums and tuition fees.

To protect our priorities, in health, education and children and families, we have cut \$278 million and reduced spending by five per cent in the remaining areas of government.

Honourable Speaker, this continues a trend. Over the three years ending next March, we will have cut administrative overheads such as travel, consulting services, supplies and furniture by over 20 per cent. And salary costs as a percentage of the total budget will drop next year to 7.2 per cent — that's lower than it was in 1988.

Moving To A Balanced Budget

Honourable Speaker, I said at the beginning that we had made a conscious decision to have a deficit this year in order to stimulate our economy. In our consultations with business leaders, opinions varied and there was no consensus on this subject.

However, Honourable Speaker, it was clear in our consultations that to keep B.C. competitive and help stimulate our economy our tax structure had to be altered. Therefore, at the centre of this budget are tax cuts for individuals and businesses. At the same time, these are set at a level that is affordable and that explicitly provides for the deficit to be eliminated.

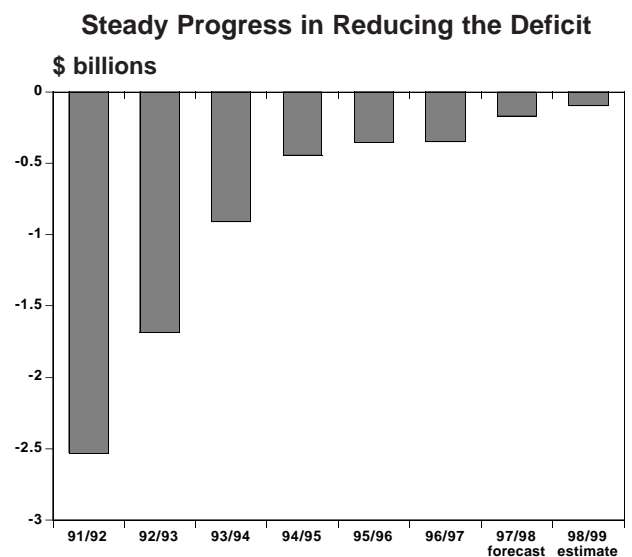
The tax reductions announced today total \$75 million and an additional \$20 million will be provided to fund measures still under discussion with the mining, energy and film sectors.

Next year, the tax reductions for individuals and businesses will grow to an estimated \$280 million in savings, reflecting economic growth and the phase-in period of the cuts. And when fully-implemented, the tax cuts will grow to more than \$400 million — a significant stimulus for investment and jobs and increase in competitiveness.

I have decided to set the deficit target for 1998/99 at \$95 million, close to half the level of last year's deficit and less than half of one per cent of the overall budget. I believe this is a reasonable and prudent target. Of course, we will attempt to do better, as we did this year.

If our economy performs at the levels presently forecast, it is our plan to have a balanced budget in 1999/2000 and have a small surplus the year after.

Deficit drops to \$95 million for 1998/9



“If our economy performs at the levels presently forecast, it is our plan to have a balanced budget in 1999/2000”

Some we consulted suggested that we should make tax cuts only if the economy rebounded. This might have let us balance the budget earlier.

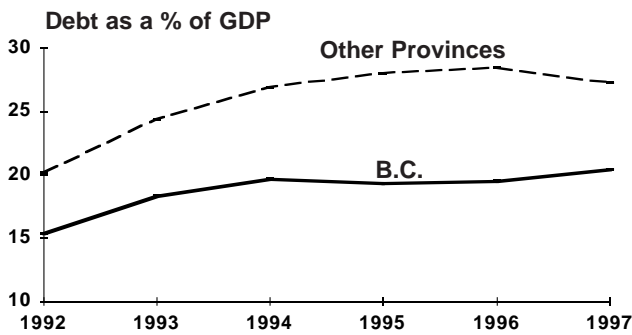
However, I am satisfied that the tax measures are needed now to stimulate the economy, and must be known with certainty if we are to improve B.C.’s competitive position and create jobs.

Financial Management Plan

Honourable Speaker, just as we have done better than meet the targets set for last year’s budget, we have also bettered targets set in the 1997 Financial Management Plan. The level of taxpayer-supported debt is \$110 million lower than forecast at the end of March 1997, and is estimated at \$780 million lower than forecast at the end of March 1998.

As a result, our taxpayer-supported debt-to-GDP ratio is estimated at 20.5 per cent — well below the plan’s 20.9 per cent target.

B.C.’S DEBT IS LOWER THAN AVERAGE



Source: Investment Dealers Association, March 1998

The cost of interest per revenue dollar is forecast to be 7.5 cents, well below the 9 cent-per-dollar cap.

Changes to the Financial Management Plan this year will introduce a target range for the debt-to-GDP ratio of 19 to 22 per cent over three years, with a limit of 21.2 per cent at March 31, 1999.

The range recognizes that GDP is volatile. The 9-cent interest-to-revenue-dollar cap will remain unchanged and the operating budget will be balanced in 1999/2000.

The Public Accounts

In his last report on the public accounts, the Auditor General raised three areas of concern.

Honourable Speaker, my Ministry has been working with the Office of the Auditor General for some time in order to reach agreement on how the province’s financial statements should be presented.

We have reached agreement on changes to two of the areas of concern, and these are reflected in this budget. The third issue, on whether the summary financial accounts should include external agencies such as school boards, is now before the Public Accounts Committee and I look to the committee's advice on the matter.

This agreement with the Auditor General is important in ensuring that the public understands our financial position.

MEETING THE CHALLENGE TOGETHER

Honourable Speaker, this is a budget that presents a plan to encourage investment and jobs, through tax cuts for businesses, families and individuals.

It sends a clear signal to business that we want to make B.C. competitive by cutting taxes, cutting costs and cutting red tape.

It maintains quality services for British Columbians in education, health care and services for children.

And it reduces the deficit in challenging economic times.

Honourable Speaker, working together with British Columbians, we will move forward to a more prosperous future.

British Columbians have always met a challenge, Honourable Speaker. And with the support of this House, we'll do it again.

Thank you. □□□□

“This agreement with the Auditor General is important in ensuring that the public understands our financial position.”