



Budget 2000

BUDGET 2000 — HIGHLIGHTS

Budget 2000 reflects a modern, balanced direction for the new government by saying yes to tax cuts and no to megaprojects, cutting taxes for the middle class, low-income earners and small businesses, and investing in a healthy, well-educated and productive workforce. It balances the top priorities of today's families — education, health care, childcare, and tax cuts — with the need to control the deficit.

Targeted tax cuts to fuel B.C.'s economic momentum

- Over the next two years, B.C. will put more than half a billion dollars back into the pockets of British Columbians with provincial income tax cuts targeted to the middle-class and low-income earners.
- Total B.C. personal income tax will be reduced by \$225 million this year, and \$354 million next year.
- On July 1, B.C.'s small business tax rate will be reduced to 4.75 per cent — the lowest rate in Canada.
- A new three per cent investment tax credit will reduce the cost of new manufacturing and processing assets, reducing capital costs and encouraging investment.

Investing in the top priorities of today's families — education

- Tuition fees for colleges and universities are frozen for the fifth straight year.

- An increase of \$85 million to universities and colleges will restore core funding, help with the tuition freeze, and create 5,025 new student spaces, including 800 new high tech spaces.
- 300 new teachers will be hired to further reduce class sizes in early K-12 grades.
- School districts will receive \$445 million towards the construction of over 100 new schools, additions and expansions. By spring 2001, there will be 1,900 portables, down from 3,091 in 1998.

Investing in the top priorities of today's families — health care and childcare

- This budget increases health care spending for the ninth-straight year, by \$549 million.
- \$24.8 million is provided to hire up to 600 new nurses and create 400 new spaces in nursing programs at B.C.'s colleges and universities.
- \$8.4 million is provided to open new continuing care beds for a total increase of \$34.4 million for continuing care services.

- A new agreement with B.C. doctors, and an investment of nearly \$2 billion this year for doctors' services, means better patient care and an end to service disruptions.
- \$8 million in funding will help reduce waitlists for health services for children, including those with special needs.
- \$14 million for before-and after-school childcare is provided, effective January 1, 2001.

Strengthening B.C.'s competitive position

- A new B.C. High Technology Commission is established to promote our high-tech advantage around the world.
- In partnership with the federal government, B.C. will defer income tax on stock options and lower tax on capital gains, reducing provincial taxes for high-tech entrepreneurs and workers by \$33 million.
- A \$7.5 million investment for Fisheries Renewal B.C. will help restore and protect fish stocks.
- A \$10 million increase for agriculture producers and communities will help boost rural economies.

MESSAGE FROM THE MINISTER

It is my pleasure to present B.C.'s first budget of the new millennium.

Budget 2000 represents a modern, balanced direction for the B.C. government. Over the past four months, I have spoken to hundreds of British Columbians about their priorities for this budget. And what I have heard, in overwhelming numbers, is that the budget must be open, honest and transparent. British Columbians have also said they want taxes to be lower, to put more money in their pockets and to energize the economy. Investments in education, health care and childcare also remain high priorities.

In this budget, we have made decisions that balance these priorities with the need to control the deficit. This budget is the most open and transparent in British Columbia's history. While British Columbians may have differing opinions about the choices made in this budget, they agree that they must have confidence in the facts and assumptions behind it. This budget is a significant step forward in achieving that goal.

Paul Ramsey
Minister of Finance and Corporate Relations

THE BUDGET TRANSPARENCY AND ACCOUNTABILITY ACT

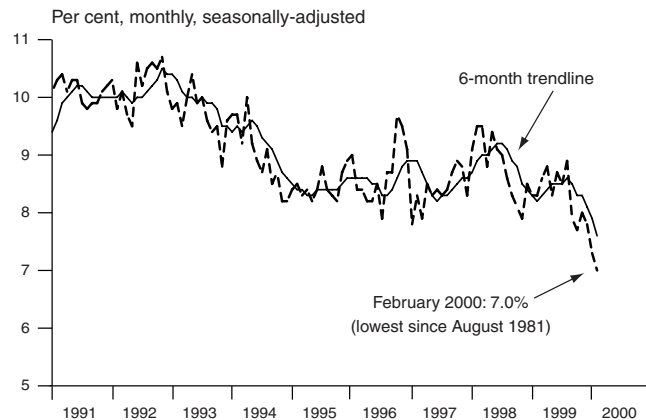
The government has listened and accepted the advice of the Auditor General, an independent panel on budget transparency and accountability, the Opposition and other British Columbians in creating new legislation that sets the highest standard for budget openness in Canada. Changes include:

- **An all-party budget consultation committee of the legislature.** As the first step in the budget process, this committee will be provided with up-to-date information on B.C.'s fiscal performance, consult with British Columbians on the budget and make a public report by December 31 of each year.
- **A fixed budget deadline.** The budget debate will now be completed prior to March 31 each year.
- **Complete disclosure of material assumptions supporting forecasts, including the advice of the Economic Forecasting Council.** The Secretary to the Treasury Board, a senior public servant, will certify the disclosure in writing.
- **A "single bottom line" for government finances.** Government will now report its bottom line on a summary accounts basis, which combines Crown corporation results with those of government ministries. This action puts B.C. at the forefront of budget disclosure in Canada, and dramatically increases the transparency of government's finances.
- **Opening the books on all major capital projects.** Government will fully disclose its objectives, business case, performance targets and, each and every year, the current and anticipated costs to the taxpayer.
- **Hold government to a higher standard when additional spending must be authorized.** The tabling and open debate of supplementary estimates will be the rule.

B.C. FISCAL FACTS 2000 AT A GLANCE

- Increase in B.C. exports in 1999 — 10.2 per cent
- Number of jobs created in B.C. in 1999 — 36,200
- Economic growth in 1999 — 1.4 per cent
- Economic growth forecast for 2000 — 2.2 per cent
- Projected deficit for 2000/01 — \$1.278 billion

Chart A3
British Columbia Unemployment Rate



Source: Statistics Canada

A MODERN ECONOMIC DIRECTION

This budget takes a new, modern direction to fuel our economic recovery in the short run, and to further strengthen our competitive position in the long run. This budget supports this objective by cutting taxes, building an innovation economy based on the strengths of our land and people, and investing in a healthy, educated and productive workforce.

To help encourage the growth of environmental industries, the province is making a \$5 million investment to support green technology research and demonstration projects for made-in-B.C. inventions. And, to encourage expansion of B.C.'s booming film industry into the regions, funding has been provided for regional film offices in key locations around the province.

Tax cuts to stimulate consumer spending

In this budget, government is taking a new approach to build economic momentum, with targeted tax cuts to middle- and low-income British Columbians.

- British Columbia taxes will be cut by \$175 million as a result of the recent federal personal income tax cuts. B.C. is delivering those tax cuts to British Columbians in full. In addition, B.C. is cutting \$50 million more this fiscal year, and another \$70 million next year.
- The B.C. personal income tax structure will be indexed to inflation, protecting all taxpayers from "bracket creep."
- A single-income family earning \$45,000 will have a 9.9 per cent tax cut.

These changes have been made possible because we are moving to a made-in-B.C. tax policy where our tax is calculated on income and not on federal tax, allowing us to shape this and all future tax cuts.

Tax cuts for jobs and investment

B.C.'s new economic direction balances personal tax cuts with new tax measures to encourage business growth and investment.

- The small business income tax has been cut again this year, from 5.5 per cent in 1999, to 4.75 per cent, effective July 1. B.C. will have the **lowest small business tax rate in Canada.**
- Effective April 1, this budget introduces a three per cent investment tax credit to reduce the cost of new manufacturing and processing assets to encourage investment.

Quality of life: A competitive strength in B.C.

A healthy, well-educated workforce living in a healthy and clean environment is a significant strategic advantage in the global economy. Our government provides vital services because today's families need them. That is one of the soundest investments a government can make. This budget focuses those investments in three key areas: improving education, strengthening health care, and offering new childcare support for working families.

- Tuition fees for post-secondary education are frozen again for the fifth straight year.
- B.C. maintains the second lowest university undergraduate tuition fees in Canada.
- New post-secondary spaces include 400 for nursing students and 800 earmarked for high-tech programs and an expansion of industrial training.
- \$1 million will fund 1,000 co-op spaces in high technology for university and college students in all regions of the province.
- *Budget 2000* invests \$445 million towards the construction of over 100 new schools, additions and expansions.
- By the spring of 2001, B.C. will have reduced the number of portables in British Columbia to fewer than 1,900 from 3,091 in 1998.
- *Budget 2000* funds up to five new career technical centres, where students will earn their high school diploma *and* receive credits for the first year of a post-secondary program.

Post Secondary Education Funding

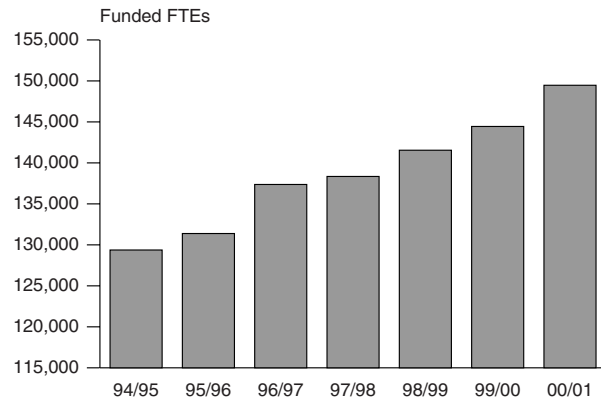
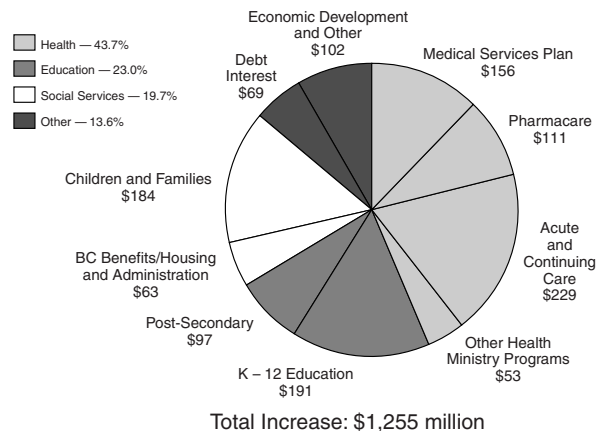


Chart B3
2000/01 Expenditure Budget Increases
Consolidated Revenue Fund (\$ millions)



FOCUS ON HEALTH CARE

- *Budget 2000* increases health care spending by \$549 million to help address problems in the health care system.
- The budget provides additional funding totaling \$26 million for continuing care this year.
- \$24.8 million has been added to train and educate new nurses.
- An additional \$5 million has been invested to train and hire more licensed practical nurses.
- Government is providing funding to help attract and retain physicians in rural B.C.

The complete *Budget 2000* is available on the Ministry of Finance and Corporate Relations website at www.fin.gov.bc.ca

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