



Budget 2000

BUDGET 2000 — NEWS RELEASE

BUDGET 2000: MODERN, BALANCED APPROACH CUTS TAXES AND BALANCES THE PRIORITIES OF TODAY'S FAMILIES IN EDUCATION AND HEALTH CARE

VICTORIA — The province's budget for 2000 will cut B.C.'s personal income taxes by more than half a billion dollars over two years and give small businesses the lowest tax rate in Canada. At the same time, it funds 300 more teachers, 600 more nurses and extends the tuition freeze for a fifth straight year.

"This budget shows our new government is taking a new, modern direction," said Finance Minister Paul Ramsey. "It balances the top priorities of today's families — in education, health care, childcare and tax cuts — with the need to control the deficit.

"Our government has listened, learned and changed," said Ramsey. "This budget is open and transparent, and presents a complete picture. It says yes to tax cuts and no to megaprojects. It invests in a healthy, well-educated and productive workforce. And it shows respect for the business community and our readiness to work with them."

Stressing the need to restore public confidence in B.C.'s budget process, Ramsey began today's budget speech by outlining the new *Budget Transparency and Accountability Act*.

"The government listened to and accepted the advice of the Auditor General, the independent Enns Panel, the Opposition and other British Columbians," said Ramsey. "This new law sets the highest standards for budget transparency in the country. The books are open, the numbers are sound, the process is public, and megaprojects have been reined in. These changes will assure citizens that they can be confident about the completeness and transparency of the budget."

Highlights of the budget:

- Provincial personal income tax cuts are targeted to the middle class and lower-income families to fuel our economic momentum. They will total \$225 million this year and \$354 million next year.
- Effective July 1, 2000, B.C.'s small business income tax rate will be cut to 4.75 per cent — the lowest in Canada. Businesses of all sizes will benefit from a new three per cent investment tax credit on the cost of new manufacturing and processing assets.
- Health spending increases for the ninth straight year, and will address pressures in B.C.'s hospitals, including funds to hire 600 more nurses and new spaces to educate 400 more.
- The freeze on post-secondary tuition continues for a fifth year. Funding to universities and colleges climbs \$85 million to restore core funding, help with the tuition freeze and create 5,025 more student spaces.
- The budget increases support for education, funding 300 new teachers, reducing class sizes in early grades and replacing 387 portables. The budget also provides \$445 million towards construction of over 100 new schools, replacements and expansions.

Targeted tax cuts to fuel our economic momentum

The finance minister said provincial personal income tax cuts will total more than half a billion dollars over two years. The cuts include the full \$175 million reduction in provincial taxes that resulted from recent federal personal income tax cuts. The provincial government has added \$50 million this year and another \$70 million next year.

“Ninety per cent of our additional cuts will go to middle-class and low-income B.C. families,” said Ramsey. “This tax cut may be modest, but it is realistic and it is moving in the right direction, putting money where it will do the most good — in local economies.”

As a result, 100,000 low-income British Columbians will no longer pay provincial income taxes. In addition, the average B.C. family making \$60,000 a year will pay virtually the same income taxes as it would in Alberta.

B.C.’s personal income tax structure will also be indexed to inflation, protecting all taxpayers from bracket creep.

Opening the door wider to post-secondary education

“There are students graduating from B.C. institutions who have never seen a tuition increase, and that is something to celebrate,” said Ramsey. “But a tuition freeze alone will not guarantee access, if our post-secondary institutions can’t afford to offer it.”

B.C.’s post-secondary students will continue to enjoy the second-most affordable tuition in Canada. However, the fifth year of the province’s tuition freeze will be accompanied by \$133 million to build and modernize colleges, universities and institutes, plus \$39 million to support 5,025 more student spaces, including 400 in nursing and 800 in high-tech programs. A further \$1 million will help to create 1,000 new co-op spaces for high-tech students.

To offer more students a direct link between education and jobs, the budget funds 300 more spaces for secondary school students in apprenticeships and industry training programs. The budget also supports opening up to five more career technical centres, where students can finish high school while gaining hands-on experience in a trade, and get credit for the first year of a post-secondary program.

Better learning conditions for young students

Efforts to improve learning conditions in 2000/01 will include investing \$445 million to build and expand schools, plus funding to reduce class sizes in early grades, hire more teachers and link every school to the Internet.

“We believe our kids deserve the best learning environment possible,” said Ramsey. “By the spring of 2001, we will have reduced the number of portables in British Columbia to fewer than 1,900 from nearly 3,091 in 1998.”

Strengthening health care

“We have raised health spending in every budget since we were elected, yet the system remains under serious stress,” said Ramsey. “We are moving ahead in two critical areas to strengthen health care. The first is to take pressure off hospitals, the heart of our system. And the second is to work together with our health care partners to meet patients’ needs more effectively.”

The budget targets \$24.8 million to hire up to 600 nurses and create 400 new spaces in nursing programs, plus \$5 million to hire new licensed practical nurses. To free up acute-care beds and ease the pressure on hospitals, the budget increases funding for continuing care services by \$34.4 million, including \$8.4 million for continuing care beds and enhanced services.

The government will also invest nearly \$2 billion in doctors' services as part of a multi-year agreement reached two weeks ago. This agreement will end service disruptions, expand necessary medical services and promote co-operation between doctors and the government.

The finance minister called on the federal government to accept its share of the financial responsibility to make health care work. He noted that Ottawa's share of health funding for B.C. has slipped to 15 per cent.

"Our commitment to universal health care in B.C. is resolute," said Ramsey. "Today's families need to know the care they need will be there when they need it. We cannot, must not and will not accept American-style, for-profit health care."

Building our innovation economy

"While tax cuts will stimulate our economy in the short run, we must also build on our economic strengths, to ensure long-term success in the innovation economy," said Ramsey.

Other measures to promote growth in emerging sectors:

- Use of the high technology research and development tax credit, introduced last year, is forecast to rise to \$28 million, to help keep B.C. firms on the leading edge of the technological revolution.
- The government will invest directly in research partnerships in fuel cell and clean-energy technologies, information technology, biotechnology, aerospace, and new media such as DVD-ROMs and the Internet.
- B.C. will join the federal government in allowing employees to defer income benefits from stock options and reduce the taxation of capital gains. This \$33-million provincial measure will allow employees to share more fully in the success of companies that employ them.
- The B.C. Knowledge Development Fund, which invests in capital infrastructure for research at B.C.'s post-secondary institutions, will receive an additional \$117 million over its six-year term.
- A new marketing commission will promote B.C.'s high-tech sector at home and abroad.
- Existing tax credits for B.C.'s billion-dollar film and TV production industry will continue, and the budget will support new regional film offices in key locations across the province.
- The budget provides for expanding the number of eco-tourism gateway communities, implementing best practices guidelines and finding new tourism potential.
- The government will invest \$5 million to support green technology research and demonstration projects for made-in-B.C. inventions, and continue public consultation on green tax shifting.

Supporting traditional sectors

"B.C.'s traditional resource economy remains one of our crucial strengths," said Ramsey. "This budget aims to ensure that there are sustainable opportunities for the next generation of workers in our forests, at sea and underground."

Measures to foster growth in traditional sectors:

- To ensure a competitive, sustainable forest industry, the government will maintain reduced stumpage rates, introduce more flexible regulations and provide for the protection and renewal of forest ecosystems. A new certification initiative will help producers retain and expand markets.
- Projects to help restore and conserve fish stocks will receive \$7.5 million, and \$1 million in new funds will develop the freshwater fishery and diversify the seafood and shellfish sector.
- To spur oil and gas activity, B.C. will invest more than \$100 million to improve the Northeast's aging resource roads over five years.

- The budget provides \$10 million to help agricultural producers meet high environmental standards while expanding their markets.
- Reflecting the importance of land-use certainty to economic stability, the budget sets aside \$5 million, plus Crown land and resources, for the purpose of reaching interim measure agreements as part of the land-claim treaty process.

New support for working families

Ramsey also committed \$14 million to before- and after-school childcare beginning January 1, 2001.

“There are no one-size-fits-all solutions to the needs of working parents, and our childcare programs will ensure they have the choices they need to care for their kids,” said Ramsey. “It’s a modest start, but it’s an important step in the right direction, helping parents meet their family responsibilities and participate fully in the economic opportunities B.C. offers.”

Other assistance for families includes \$8 million to reduce waitlists for services for children, including those with special needs, and \$149 million to increase the wages and benefits of frontline community services workers, who have been some of B.C.’s lowest-paid workers. The budget also provides for a modest increase in income assistance rates, and lets recipients keep more of what they earn, to help them move from welfare to work.

Outlook for 2000/01

The government is forecasting economic growth of 2.2 per cent for 2000/01. The budget documents include the economic forecasts of the Economic Forecasting Council, which also averaged 2.2 per cent.

The effects of stronger economic growth are offset by provincial tax cuts, leading to a modest revenue increase of \$115 million. Spending will increase by \$1.255 billion over last year’s estimates, which will be \$898 million more than actual spending estimates.

B.C. is expected to continue to have the third-lowest taxpayer-supported debt-to-GDP ratio among Canadian provinces, at 23.5 per cent. Less than nine per cent of revenue will go to interest on the forecasted \$36.5-billion total debt — one of the lowest interest bites in the country.

“At the centre of a new, modern direction for this government is a balanced approach to the choices facing us today: the need to maintain vital public services, cut taxes to fuel our economic momentum, and control the deficit,” said Ramsey. “We have chosen a moderate course that balances the priorities of British Columbians. It is the right course to protect our quality of life, and the right course to maintain our economic momentum.”

For more information, contact (250) 356-2608 in Victoria, (604) 660-2421 in Vancouver, or 1-800-663-7867 elsewhere in B.C. Internet users can view the budget at <http://www.bcbudget.gov.bc.ca>.

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