

## BUDGET SPEECH

*Budget 2006 focuses on children — and the British Columbia we're building for tomorrow.*

*Finance Minister Carole Taylor  
February 21, 2006*

Honourable Speaker.

Today it is my pleasure to present Budget 2006 — the second of five budgets this government will table in its renewed mandate.

Like the budget update we presented in September, it is another step forward for our province and the people of British Columbia.

We've come a long way since 2001.

We've overcome a long list of challenges that, during the 90s, held our province back from achieving its potential.

Now we're back in a leadership position. Our economy is strong; we've all seen the numbers. But success as a province means so much more than just statistics.

We know we're doing well because people are optimistic. Travel around. Talk to people. All across this province, it's a stark contrast to the gloom of the 90s.

People are excited. They're making plans — with confidence. They see how far we've come and — just as important — they see the possibilities for British Columbia's future; for their own future, their families' future.

Our challenge now is to build on that; to continue moving forward to ensure this is a province where people choose to live, and choose to build their futures... a province where success is limited only by the scope of our imagination.

In that spirit, today we take one more step forward, building on the hard work our citizens have done to get BC back on track.

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***Budget 2006 focuses on children — and the British Columbia we're building for tomorrow.***

***With this budget, we are investing \$421 million over four years to strengthen these supports — and our child protection system in the broadest sense — to help ensure that more of our young people have the opportunities they need to grow with confidence.***

Budget 2005 focused on our seniors, the people who literally built this province.

Budget 2006 focuses on children — and the British Columbia we're building for tomorrow.

As I've said before, we can't do everything we want to all at the same time. This budget is one step — one more step — towards a future of virtually limitless possibility.

## **Support for Children**

Nowhere is that sense of boundless possibility more tangible than in our children and youth. They are tomorrow's leaders and decision-makers. What they learn and experience today will affect every one of us in years to come.

But young people aren't just our future. They're also very much — and most importantly — our present. And it's our responsibility as adults to educate, support, protect and inspire them.

As government, we work hand in hand with families to make sure children get a good start in life. We provide things like health care, child-care support, early learning programs for babies and toddlers, public education, and programs that help young people make healthy choices.

For many families, that's the extent of their interaction with government. Their children get the care and support they need at home, and the families are sufficiently resilient to overcome the challenges they face from day to day.

But raising a family is hard work. Parenting is one of the toughest jobs there is — and I don't think any parent feels they do it perfectly. We all have moments where we need support, and we can't always get it from our friends and family.

Every year in this province, tens of thousands of children, youth and families access services like counselling, mediation, parenting support, help with addictions, help for kids with special needs, help resolving parent-teen conflicts... and a long list of other services that help keep families strong, and help prevent challenges from turning into crises.

With this budget, we are investing \$421 million over four years to strengthen these supports — and our child protection system in the broadest sense — to help ensure that more of our young people have the opportunities they need to grow with confidence.

The largest portion of this new funding — \$173 million — will be used to enhance services for children, including:

- more social workers and other front-line staff to stay in closer contact with families at risk;
- more counselling, treatment and support to help prevent problems such as child abuse, neglect and family breakdown;
- more culturally-appropriate services for Aboriginal children and families; and
- increased support for extended family members caring for children under kinship agreements — and for foster parents, without whom we could not provide safe, loving homes for children and youth unable to live with their families.

Effective April 1, 2006 the foster parents' transportation allowance will increase by 50 per cent, recognizing that — in addition to driving kids to lessons, school, appointments, and so on... foster parents have the added role of keeping children connected to their families. The increase is the first in more than a decade, and will benefit approximately 3,500 foster families province-wide.

Foster families do an amazing job on our behalf. They care for some of the most vulnerable children and youth in British Columbia.

So do parents whose children have special needs. They often deal with more — and more complex — challenges in one day than some of us can even imagine.

Government provides a range of services for these children, youth and families — but, in several areas, demand has grown faster than capacity. Today, we're responding to that challenge with new dollars — part of the \$173 million I just mentioned — to shorten waits and increase capacity in four service areas:

- child and youth mental health;
- the Infant Development Program, which provides one-on-one support for parents concerned about their babies' development;
- Supported Child Development, which helps child-care providers accommodate children with special needs — to help ensure their families have a full range of child-care choices in their communities; and
- therapies, such as physical, speech-language and occupational therapies.

In addition, \$30 million will be placed in a Family Independence Fund. This fund will allow families with children with developmental and multiple disabilities to actually live a better life.

***All of these initiatives will help to ensure that the children in our province who face the greatest challenges will get the support they need to reach their full potential.***

It will provide grants for specialized vehicles that accommodate wheelchairs, for instance, and home improvements such as lifts and ramps that allow British Columbians to keep their sons and daughters at home, and keep their families together.

Mr. Speaker.

All of these initiatives will help to ensure that the children in our province who face the greatest challenges will get the support they need to reach their full potential. But we know there is still more to do for our children.

Therefore, we have set aside another \$100 million over three years for future enhancements to child protection and family support services.

With this budget, we are also making new investments in another priority program — one that affects every child and family in this province. We're increasing funding for public education by another \$112 million which, combined with previous increases, amounts to \$437 million in new funding over the next three years.

This works out to \$7,338 per student in 2008/09 — the highest ever in the history of this province.

We're also investing \$4 million over three years to double the school start-up allowance for some of BC's neediest children. Families on income assistance will now receive \$84 for each child under 12, and \$116 for each child 12 or older.

This increase — the first since 1993 — will benefit 29,000 children and help them start the school year on more of an equal footing with their peers.

Of course, our responsibilities and worries as parents do not end as our children grow older. I doubt there is one person in this House who has not been touched — directly or indirectly — by the frightening spectre of crystal meth addiction. It devours the independence and strength of our young people's minds, poisons families and threatens the future of so many youth.

Mr. Speaker, this government is committed to attacking crystal meth head-on. In the past year, we've moved ahead with an integrated, multi-year strategy — the first of its kind in Canada. As part of that strategy:

- \$2 million is being directed to community assistance, with grants of up to \$10,000 for community and First Nations organizations to fight crystal meth at a grassroots level.
- \$1 million is being directed to school-based awareness programs, focusing on students, parents and educators. These new programs will start in schools during 2006.
- \$2 million is going to initiatives to increase access to treatment, including such things as the Meth Kickers pilot program in Kamloops, specialized treatment for psychosis and outreach to youth at risk.

- \$2 million will fund a public awareness campaign to increase knowledge and help prevent crystal meth use and addiction; and
- lastly, the Solicitor General is holding a series of community forums to provide information on the dangers of crystal meth, and to answer people's questions.

Today we are building on that integrated strategy. We are investing an additional \$2 million over three years for the Crystal Meth Secretariat — a central body to integrate and coordinate all the work that's happening on this front throughout British Columbia.

That includes efforts to combat production as well as the use of crystal meth. Because this drug has already compromised too many lives — and too many of our young people's futures.

Mr. Speaker, we believe that everyone deserves the opportunity to live a full, rewarding life. We've chosen in this budget to invest a total of \$421 million of new money in our children and youth — particularly those who face major challenges — because we want everyone in British Columbia to look to the future with a real sense of confidence.

## **Skills and Training**

That is why we chose to make these investments. But let's be clear: having choices is a privilege, and one we wouldn't have as a province if we hadn't done the hard work to build a strong economy.

BC is doing very well right now. We are seeing good results right across the province, and across almost every economic sector.

With this budget, we're projecting economic growth of 3.3 per cent for 2006 and 3.1 per cent in each of the next several years. Private sector forecasters are even more optimistic.

Business and consumer confidence is strong. Retail sales for 2005 are expected to reach their highest levels ever — close to \$50 billion — and the latest quarterly survey by the Canadian Federation of Independent Business found that, quote, "Alberta and BC continue to be the most optimistic."

More people are moving here, as well. Since 2001, our net population has increased by about 175,000 — the equivalent of another Kelowna, or two new Prince Georges...

And BC's job growth is second-to-none in Canada, with almost 275,000 jobs created since December 2001. Our unemployment rate has fallen to its lowest level in 30 years, with new investment... new activity... and new innovation province-wide.

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***Business and consumer confidence is strong.***

***Our unemployment rate has fallen to its lowest level in 30 years, with new investment... new activity... and new innovation province-wide.***

***We are allocating \$400 million over four years to increase training and skill development, and help more people connect with opportunities — starting with enhanced support for new British Columbians.***

As the Premier has said, instead of people looking for jobs, today in British Columbia, jobs are looking for people. That's a great problem to have — but it is a challenge, nonetheless.

Over the next 12 years, BC is expected to have one million job openings.

That's one for every young person graduating high school during that period — plus another 350,000 openings.

That means we need more skilled people. And, with strong demand right across the country, we can't count on bringing them in from other provinces. We have to focus more on the untapped potential we already have — right here in BC.

For example, we know that rates of unemployment and underemployment are higher in Aboriginal communities. We know that many women — for a variety of reasons — face challenges entering, or returning to, the workforce. We know that there are barriers for many new immigrants seeking work in their chosen professions. And we know that many people who have disabilities want to work, but have not been able to find an opportunity that matches their interests and abilities.

And so, with this budget, we are allocating \$400 million over four years to:

- increase training and skill development, and
- help more people connect with opportunities — starting with enhanced support for new British Columbians.

Mr. Speaker, more than 30,000 immigrants come to our province every year. Most are of working age and many have skills and experience this province needs.

In 2005, we introduced a program called BC Skills Connect for Immigrants. It provides one-on-one support to help people find work in their professions. In the next two years, it will help 5,000 recent immigrants connect with jobs — in sectors and regions of the province that are currently facing skill shortages.

But still, there are many talented and trained new Canadians who are drastically under-employed in our communities: builders, doctors, engineers and others, wanting to work but running into roadblocks. This government will work with the federal government and professional regulating bodies to reduce the time it takes for accreditation.

But sometimes the stumbling block is a lack of proficiency in English. Today, we are investing an additional \$5 million over three years to enhance our ESL training efforts, to help our new immigrants participate more fully in our communities and in our economy.



Another important investment in our future is the \$17 million over two years that we're investing in computer technology, access and training for First Nations people. We will provide bands with computers, and they in turn will provide facilities to develop local computer access centres for their communities. Key members of participating bands will receive intensive training... so they can take that knowledge back, and serve as mentors in their communities.

This is the kind of capacity-building we're focusing on with First Nations: giving people the tools they need to open up a whole new realm of social and economic opportunities.

We're also taking steps to open up more opportunities for youth at risk, and those in BC's rural communities, to develop the skills they need to become active participants in the workforce.

This includes expanding the Bladerunners program, which currently operates in Vancouver, Victoria and Nanaimo. It offers youth at risk a chance to enter construction trades with on-the-job pre-apprenticeship training. The program was scaled back during the 90s, when we had a less active construction sector. But it is widely recognized as a successful, proactive initiative.

So now, with the industry going flat out, we are investing \$3 million over three years to expand Bladerunners to other communities, such as Prince George... so more young people who face major challenges have an opportunity to turn their lives around.

We are also investing \$2 million for new youth training in mining and mineral exploration. The program will be similar to Bladerunners, but focusing on rural communities.

The mining and mineral industry has great potential. It currently employs about 10,000 British Columbians — with average salaries and benefits worth more than \$94,000 a year. The industry is poised for further expansion and, with this new training program, more of our youth will have a chance to get good jobs, establish careers, and build their futures in British Columbia.

We also want to provide more opportunities for people with disabilities, and other barriers to full-time employment.

As we announced earlier, starting March 1, 2006, people who have disabilities will be able to earn up to \$500 a month without losing any income assistance. That's an increase of 150 per cent since 2001.

With this budget, we are also more than doubling our commitment to the Community Volunteer Supplement — a monthly payment for people on income assistance who aren't expected to find work, but choose to volunteer to support their communities. It gives them \$100 a month to offset expenses, and acknowledge the value of their contributions.

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***Budget 2006 allocates \$90 million in tax credits over three years to encourage business to be part of the solution, and help government meet the challenge of training our workforce — in both our traditional sectors and emerging industries.***

This supplement currently goes to about 1,400 people. We're increasing funding by \$9 million over three years to extend the benefit to another 2,500 individuals.

We will also continue to support those who can work to move to jobs from income assistance.

Since 2001, our employment programs have placed more than 44,000 income assistance clients in jobs. These are people who want to work; they have skills and experience. Many just need a hand to find the right opportunity, or to market their skills to employers in the right way.

In the coming year, we expect another 14,000 British Columbians will move from income assistance to work, raising both their confidence and their standard of living.

We are also developing a mentoring program for women who — for whatever reason — are entering, or re-entering the workforce after a lengthy absence.

Mr. Speaker, all of these initiatives will help more people connect, or reconnect, with jobs. But this is just the beginning. We know there is still more work to be done — and more ideas we need to explore — to ensure our people, and our economy, have the skills they need.

We have listened to the calls of industry to offer more creative incentives to encourage skills training. So today, Budget 2006 allocates \$90 million in tax credits over three years to encourage business to be part of the solution, and help government meet the challenge of training our workforce — in both our traditional sectors and emerging industries. This program of tax credits will be designed in consultation with industry representatives from around the province.

We are also increasing the budget for the Industry Training Authority by \$39 million over three years — bringing its total annual budget to \$90 million. This is essential at a time when entire construction projects are being put at risk because we don't have enough skilled trades people. The new funding will allow us to increase the number of registered apprenticeships — from 14,000 in 2003 to 35,000 in 2007/08.

We also continue to enhance opportunities for British Columbians in higher education.

With this budget, we are investing over \$90 million in one-time funding for projects that support and encourage the diversification of our economy — and the promotion of excellence.

\$50 million will create a new Natural Resources and Applied Science endowment. It will support new partnerships with industry for advanced training and research in sciences and engineering to create new knowledge and new innovation — which are critical to ongoing economic development and diversification.



The balance of the new funding — \$40.5 million — will help to establish a new World Centre for Digital Media Education, as the government first announced in last week's Throne Speech.

The project is being led by four institutions: the BC Institute of Technology, the Emily Carr Institute of Art and Design, the University of BC and Simon Fraser University — and all of this is being done in partnership with industry. They are developing a whole new approach, where science and technology will merge with art, design and our unique culture.

We have a critical mass of talent and expertise in new media in British Columbia, and this new initiative will build on our worldwide reputation as a centre of excellence.

Government has also partnered with industry to build a new Centre of Oil and Gas Excellence at Northern Lights College in Fort St. John... to provide vocational, trades, career and technical programs starting in 2007.

And so, Mr. Speaker, you can see the pattern of government working with industry; government working with our educators; government working with communities to directly, proactively and aggressively face the challenge of our skilled labour needs.

## **Fair and Competitive Taxes**

All of these initiatives will help our economy — and, at the same time, help create more opportunities for British Columbians to build their careers and their futures... right here at home.

As government, it's part of our job to balance what we do for the economy with what we do for British Columbians. That includes ensuring that our taxes are both competitive for business — and fair for individuals.

In 2001, we lowered BC income taxes by an average of 25 per cent. Families earning less than \$30,000 a year saw their income taxes reduced by 28 per cent. BC now has the lowest personal income tax rates in Canada for the bottom two tax brackets, and most people earning up to \$16,000 a year pay no provincial income tax at all.

A year ago we went further, with nearly half a billion dollars worth of tax and MSP premium reductions over three years for the province's lowest-income earners.

We've also brought in a series of measures since 2001 to attract new investment and help business grow — including lowering the general corporate income tax rate by 27 per cent.

Today, we are announcing further measures to keep our taxes fair and competitive — starting with tax relief for homeowners.

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***We are announcing further measures to keep our taxes fair and competitive — starting with tax relief for homeowners.***

***For almost 50 years, the homeowner grant has helped to keep home ownership affordable. With this budget, we're improving it in three ways.***

We are investing \$309 million over four years to help address the challenges that come with soaring real estate values — especially for families and seniors on fixed incomes.

For almost 50 years, the homeowner grant has helped to keep home ownership affordable. With this budget, we're improving it in three ways:

- First, we're increasing the basic grant by 22 per cent to \$570. This is the first increase in this important grant since 1993. It recognizes the challenges many families are facing as real estate prices have soared.
- Second, as we announced last month, we're raising the threshold — the point at which homeowners qualify for the full grant — by \$95,000 to \$780,000 in assessed value. Without that change, up to 27,000 households would have seen their grant reduced.
- Third, we're expanding eligibility for the supplementary grant to include more people with disabilities. As of the 2006 tax year, that higher amount will be available to those disabled individuals who purchase homes already modified to meet their special needs.

These improvements to the homeowner grant are worth a total of \$309 million over four years. That's more than a quarter of a billion dollars back in British Columbians' pockets.

We are also moving forward with a series of improvements that will benefit businesses as well as individuals, and help to encourage continued economic growth. These include:

- extending the BC mining flow-through share tax credit to the end of 2008, to help maintain momentum in mining and mineral exploration;
- expanding eligibility for the use of lower-taxed coloured fuels to all unlicensed vehicles;
- raising the threshold for the vehicle surtax by \$6,000, recognizing that many people in the North and other rural regions need pick-ups and sturdy vehicles for work; and
- broadening the PST exemption on production machinery and equipment, to include businesses providing manufacturing services to companies that already qualify for this exemption.

Effective midnight tonight, we will also eliminate the PST on services provided to install, modify, repair and maintain computer software.

This will provide an incentive for businesses, as well as individuals, to use computer technology... and use it to its fullest potential... whether it's in a commercial application that generates jobs and revenues... or on a more personal level to study, learn, communicate and interact with the world around us.

In total, the tax changes in this budget are valued at \$733 million over four years. Approximately two-thirds of that will benefit individuals and families, while the balance will support our businesses.

## Public Sector Negotiating Framework

Mr. Speaker, these tax changes will help our province continue to grow, and help our citizens meet the challenges that come with a strong economy.

But let's not forget: a strong economy is only half the picture when it comes to the budget. Sound fiscal management is also essential. Otherwise we risk squandering the benefits that British Columbians have worked so hard for.

The single largest dollar item in this budget — by far — is our provision for public sector compensation. As we announced in November, we are allocating up to \$6 billion for agreements and incentives through 2009/10.

The Negotiating Framework has three parts:

- For starters, we have put on the table \$1 billion of one-time money that government received this year as revenue — primarily from high natural gas prices. This is an incentive for bargaining units to reach early settlements. If you do the math, that is potentially \$3,300 for each and every public sector employee — above and beyond their negotiated wage increases.
- Second, we have allocated \$4.7 billion for basic wage and benefit improvements that will differ from sector to sector to reflect varying labour markets.
- Finally, part three: For those signing contracts of four years or longer, we have designed a dividend option valued up to \$300 million — if the Province outperforms its fiscal targets.

That is a total of up to \$6 billion for British Columbia's public sector workers.

That's a lot of money, Mr. Speaker. It's more than the annual budget for the province of New Brunswick.

It represents half of all the money available for new spending in government over the next four years. Frankly, it means that some other issues we'd like to address will have to wait.

But we believe the balance we have struck between spending on public sector wages and spending for our children, for health, for education, for skills and training, and for other public services is fair...

Fair to our workers; fair to taxpayers; fair to the people of British Columbia.

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***But we believe the balance we have struck between spending on public sector wages and spending for our children, for health, for education, for skills and training, and for other public services is fair...***

***Our economy is strong. People are optimistic. Worldwide demand for our exports — and our expertise — is high. But we cannot take this success for granted.***

More than 300,000 public sector workers are in line for raises. So new, stable, sustainable agreements will not only help enhance our quality of life. They will also make a real difference to more than a quarter of a million families.

## **Conclusion**

Mr. Speaker. Budget 2006 is dedicated to children, and to helping more of our citizens get the skills they need to seize opportunities and keep this province growing — with confidence.

We've come a long way since 2001. BC has regained its historical role as a leader — but leadership engenders its own set of challenges.

We must work hard to maintain our momentum. We cannot allow BC to fall behind again.

Right now, we are in an enviable position. Our economy is strong. People are optimistic. Worldwide demand for our exports — and our expertise — is high. But we cannot take this success for granted.

Our job in government is to take the long view; to look ahead and ask ourselves: What can we do now to ensure we continue to enjoy this level of prosperity in the future?

There will be times when we will face a difficult global economy. There will be times when we face natural disasters... and challenges whose nature and magnitude will only be revealed with time.

We cannot ever become complacent. We cannot ever stop striving to improve. Because, if we ever stop pushing forward, the province will start slipping backwards again. And the people of British Columbia have worked too hard for that.

Budget 2006 is one more step forward.

It invests in our greatest strength; our greatest resource; our greatest source of confidence: the people of British Columbia.

We're investing in children; investing in training; and — overarching all of that...

Investing in our growing reputation as a place where people want to be... where they can choose their futures... and contribute to the future we all envision — a future of optimism, confidence, prosperity, and boundless opportunity.

Thank you.